

# Central Coast Water Authority

A California Joint Powers Authority



## Comprehensive Annual Financial Report

Year Ending June 30, 2006

Prepared by Ray A. Stokes  
Deputy Director



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# INTRODUCTORY SECTION







September 28, 2006

Members of the Board  
Central Coast Water Authority

Leo Trujillo  
Chairman

Fred Lemere  
Vice Chairman

William J. Brennan  
Executive Director

Hatch & Parent  
General Counsel

*Member Agencies*

City of Buellton

Carpinteria Valley  
Water District

City of Guadalupe

City of Santa Barbara

City of Santa Maria

Goleta Water District

Montecito Water District

Santa Ynez River Water  
Conservation District,  
Improvement District #1

*Associate Member*

La Cumbre Mutual  
Water Company

The Comprehensive Annual Financial Report (CAFR) of the Central Coast Water Authority for the fiscal year (FY) ended June 30, 2006 is submitted as prepared by the Authority's Finance Department. The report is published to provide to our customers, the Authority Board, and the investment community detailed information about the financial condition and operating results of the Authority as measured by the financial activity of the Authority.

Responsibility for both the accuracy of the financial report and the completeness and fairness of the presentation rests with the Authority. To the best of our knowledge, the information presented is accurate in all material aspects and includes all disclosures necessary to enable the reader to gain an understanding of the Authority's financial activities.

Our discussion and analysis of the Central Coast Water Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2006. Please read it in conjunction with the Authority's financial statements, which begin on page 1.

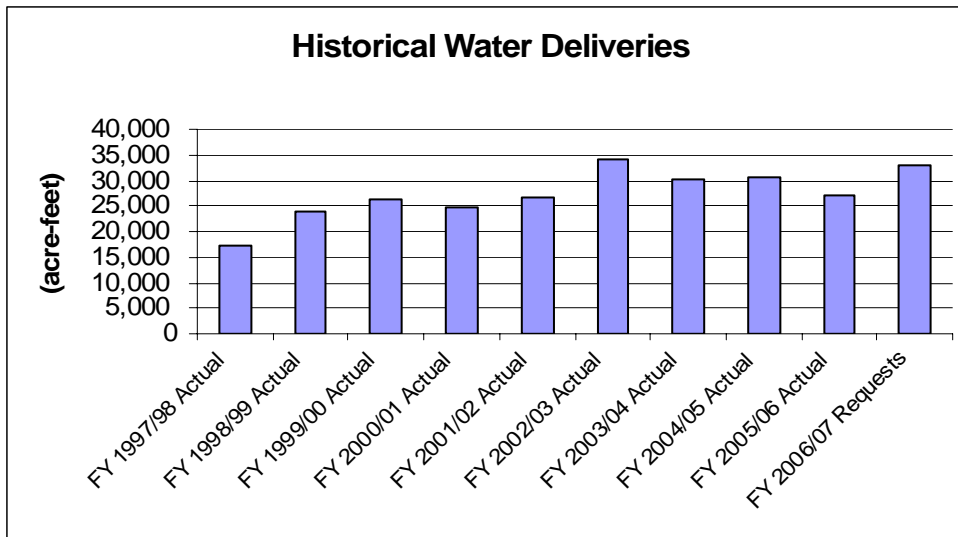
Government Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – for State and Local Governments* (GASB 34) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A) and the financial statements should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditors' Report.

## **SIGNIFICANT ACCOMPLISHMENTS**

### State Water Deliveries

Total water deliveries for FY 2005/06 were 27,198 acre-feet. This compares to the prior year actual deliveries of 30,739 acre-feet, a decrease of 2,893 acre-feet.

The following table shows the historical and projected State water deliveries since CCWA began water deliveries in August 1997.



Carpinteria Valley Water District State Water Sale

During FY 2005/06, Carpinteria Valley Water District successfully completed negotiations for an option to sell 400 acre-feet of its State water contract allotment to an independent development firm. The contract provides a five-year option period in which the development firm may exercise the option for the purchase and transfer of the water for a specified amount. This is the first such transfer of State water allotment by a CCWA project participant since CCWA began delivering water in August 1997.

Increase in Polonio Pass Water Treatment Plant Capacity

CCWA staff successfully demonstrated to the State Department of Health Services that the Polonio Pass Water Treatment Plant was capable of treating nearly fifty million gallons per day. This represents a seven million gallon per day increase over the original rated capacity of the plant.

Operational Accomplishments

The following significant items were accomplished by the Operations and Maintenance sections of CCWA:

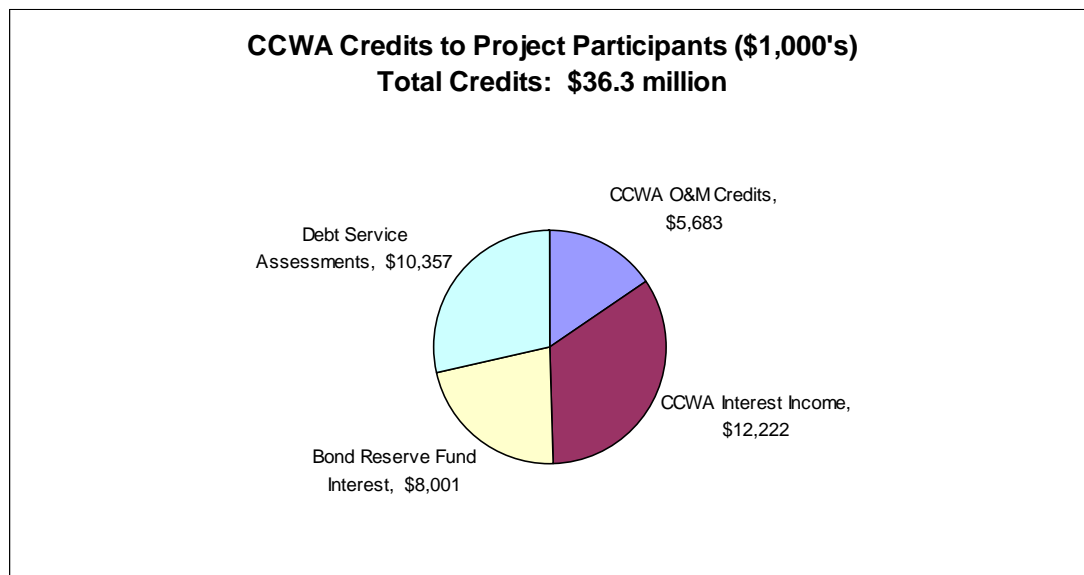
- Updated the Supervisory Control and Data Acquisition (SCADA) software at the Polonio Pass Water Treatment Plant, which included a redesign of all the graphics.
- Installed a variable frequency drive on a 300 hp pump at the Santa Ynez Pumping Facility to save energy and provide increased operational flexibility; this project qualified for a PG&E rebate of \$14,000 which accounts for half of the cost of the project.
- Installed and tested an alternative technology for resolving source water taste and odor problems.
- Completed the design of a utility building that will house a chemical feed system at Tank 7.

## Awards and Competitions

Over the past year, CCWA received the GFOA “Distinguished Budget Presentation” award for the FY 2005/06 Budget and the GFOA “Excellence in Financial Reporting” award for the FY 2004/05 Comprehensive Annual Financial Report.

## CCWA Credits

For the tenth consecutive year, actual CCWA operating expenses were less than budgeted. For Fiscal Years 1996/97 to 2005/06, CCWA has provided approximately \$36.3 million in credits to its project participants. These credits include \$5.7 million for unexpended operating expenses, \$20.2 million for interest income and \$10.4 million for debt service and other credits. The following graph shows the sources of the credits as described above.



## Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Central Coast Water Authority for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.



## **OTHER INFORMATION**

### Accounting System

In developing and maintaining the Authority's accounting system, consideration is given to the adequacy of internal accounting controls. Internal accounting controls are designed to provide reasonable but not absolute assurance regarding:

- (a) the safeguarding of assets against losses from unauthorized use or disposition, and
- (b) the reliability of financial records for preparing financial statements and maintaining accountability for assets.

The concept of reasonable assurance recognizes that the cost of a control procedure should not exceed the benefits likely to be derived and that the evaluation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe that the Authority's controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The Authority requires that its financial statements be audited by a Certified Public Accountant selected by the Authority's Board of Directors. This requirement has been satisfied, and the auditors' report is included in the financial section of this report.

### Cash Management

Cash was invested in demand deposits, mutual funds, the State of California's Local Agency Investment Fund (LAIF) and money market accounts during FY 2005/06. At June 30, 2006, the Authority's investment portfolio had a weighted average maturity of 0 days (excluding the guaranteed investment contract) and a yield to maturity of 4.871%.

### Risk Management

The Authority participates in the liability, property, workers' compensation and fidelity bond insurance program organized by the Association of California Water Agencies, Joint Powers Insurance Authority (ACWA - JPIA). ACWA - JPIA is a joint powers insurance authority created to provide a self-insurance program to water agencies in the State of California.

The Authority maintains a self insured plan for dental and vision coverage offered to employees. Under the provisions of the plan, each full-time employee is provided approximately \$2,726 per calendar year to pay dental and vision expenses for the employee and their qualified dependents. For the plan year ended June 30, 2006, the maximum liability under the plan was \$81,345 and claims paid were \$46,204.

The Comprehensive Annual Financial Report is presented in three sections: (1) **Introductory**, (2) **Financial** and (3) **Statistical**. The Introductory section includes this transmittal letter, the Authority's organization chart and a list of principal officials. The Financial section includes the accountant's report, MD&A and the financial statements and corresponding notes to the financial statements. The Statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

We are pleased to present this report to the Board for formal adoption.

Respectfully submitted,



William J. Brennan  
Executive Director



Ray A. Stokes  
Deputy Director



# Introductory Section

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June 30, 2006

## **CENTRAL COAST WATER AUTHORITY BOARD OF DIRECTORS**

Leo Trujillo, Chairman  
Fred Lemere, Vice Chairman  
Brian Barnwell  
Harlan Burchardi

Dale Molesworth  
Robert Puddicombe  
Carey Rogers  
John Sabedra

City of Santa Maria  
Carpinteria Valley Water District  
City of Santa Barbara  
Santa Ynez River Water Conservation District, Improvement  
District No. 1  
City of Buellton  
Montecito Water District  
Goleta Water District  
City of Guadalupe

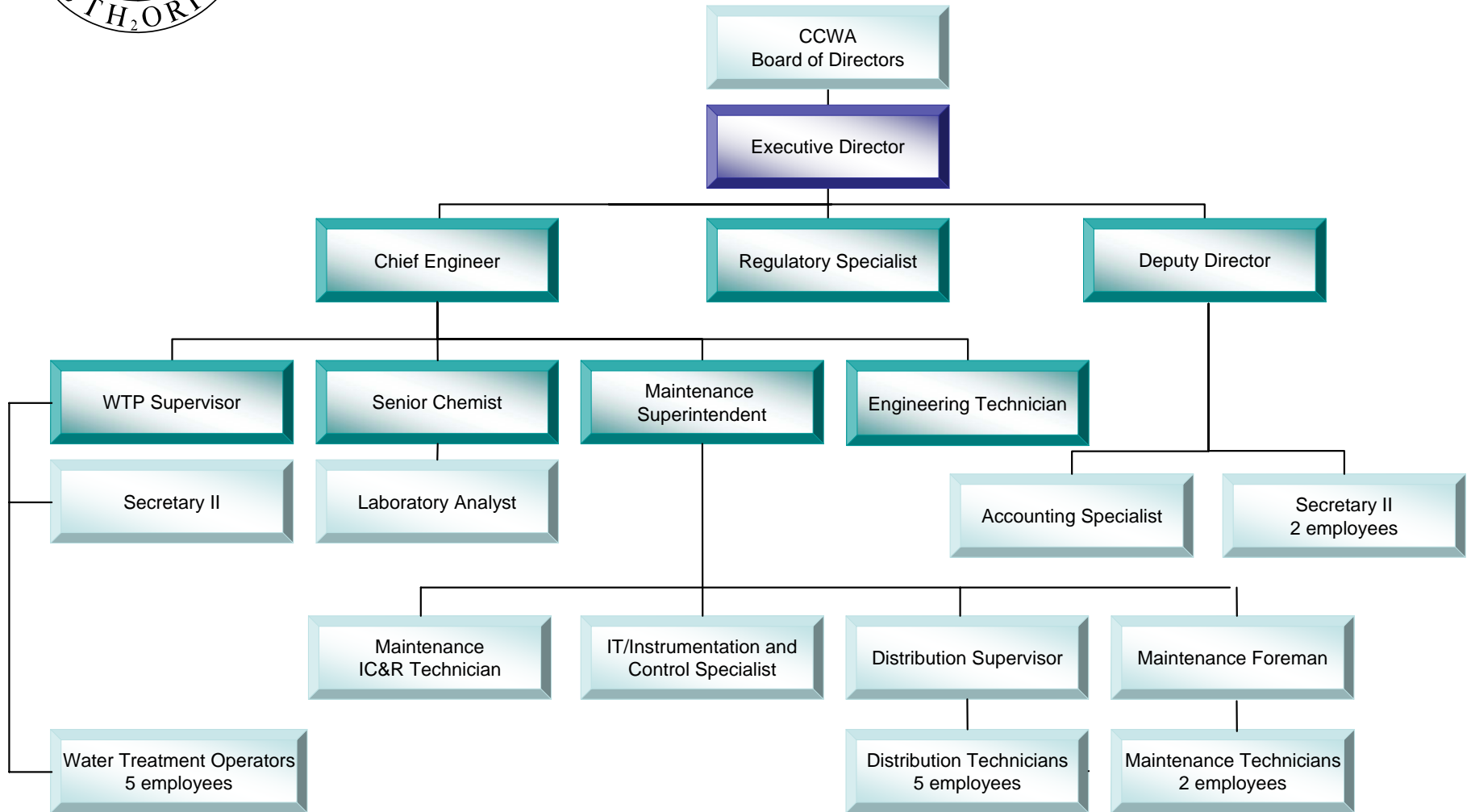
## **AUTHORITY STAFF**

William Brennan  
Ray Stokes  
Shannon Sweeney

Executive Director  
Deputy Director  
Chief Engineer

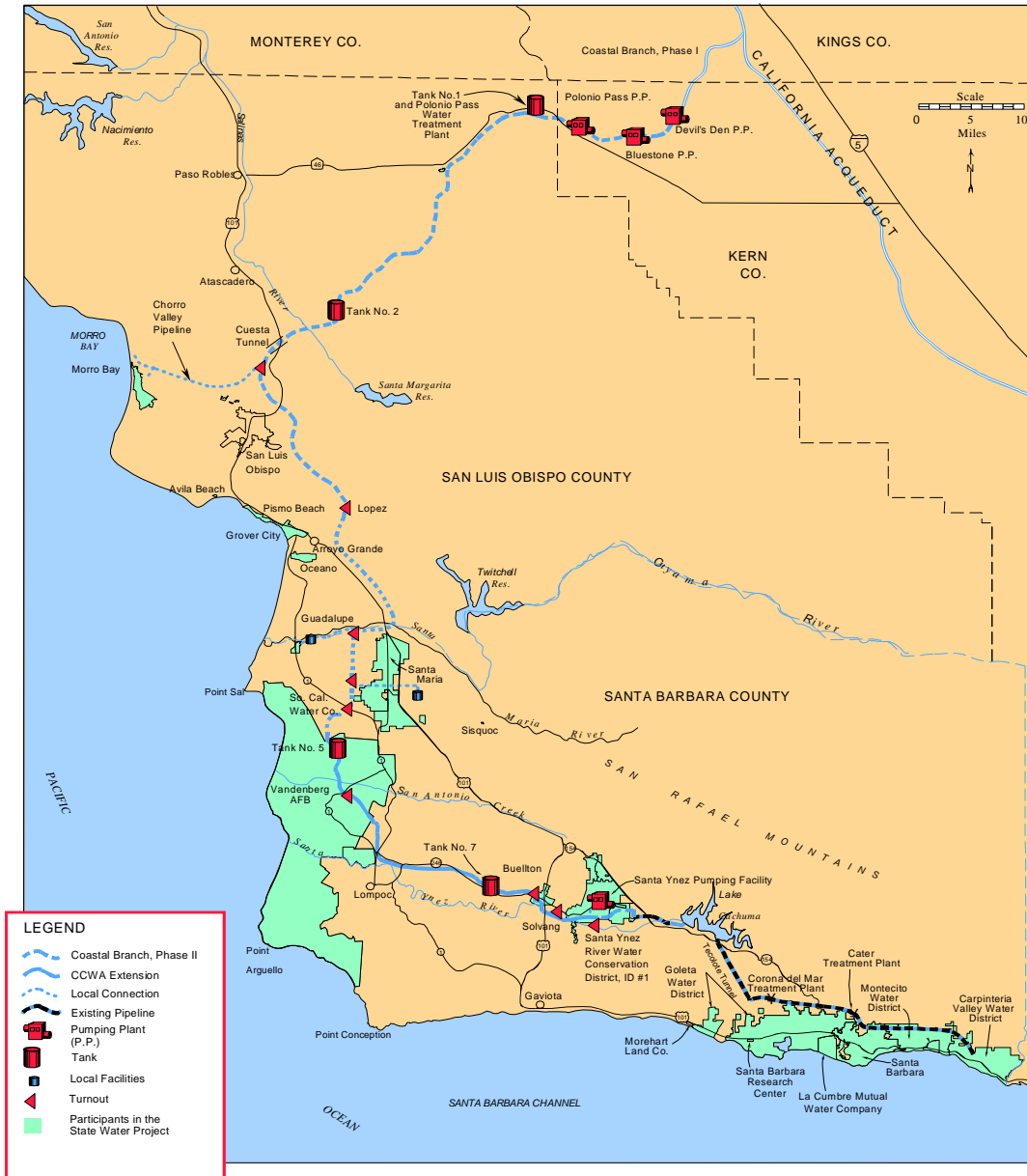


# Central Coast Water Authority Organization Chart FY 2006/07





## Project Map



PROJECT MAP OF COASTAL BRANCH PHASE II

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Central Coast Water Authority  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



# FINANCIAL SECTION







# NASIF, HICKS, HARRIS & Co., LLP

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM J. NASIF  
STEVEN J. HICKS  
JEFFERY P. HARRIS  
BARBARA ROGERS SCOLLIN  
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October 2, 2006

## Independent Auditors' Report

To the Member Agencies of the  
Central Coast Water Authority

We have audited the accompanying balance sheets of the Central Coast Water Authority as of June 30, 2006 and 2005, and the related statements of revenues, expenses and changes in net assets and cash flows for the years then ended, as listed in the foregoing table of contents. These financial statements are the responsibility of the management of the Central Coast Water Authority. Our responsibility is to express an opinion on these financial statements based upon our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Coast Water Authority as of June 30, 2006 and 2005, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

The information identified in the accompanying table of contents as *management's discussion and analysis* (MD&A) is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of

management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

The information identified in the table of contents as the introductory and statistical sections are presented for the purpose of additional analysis and are not a required part of the basic financial statements of the Central Coast Water Authority. Such additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

*Nasif, Hicks, Harris & Co., LLP*

Nasif, Hicks, Harris & Co., LLP



# Management's Discussion and Analysis

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## *MANAGEMENT'S DISCUSSION AND ANALYSIS*

### **Fiscal Year Ended June 30, 2006**

This section presents management's analysis of the Authority's financial condition and activities for the fiscal year ended June 30, 2006. This information should be read in conjunction with the financial statements and the additional information that we have included in our letter of transmittal.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The Authority operates as a proprietary fund-type. All proprietary fund-types are accounted for on a flow of economic resources measurement focus. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

All proprietary fund-types utilize the accrual basis of accounting. Under this method, revenues are recognized when earned, regardless of when received, and expenses are recognized at the time the related liabilities are incurred, regardless of when paid.

#### Summary of Organization and Business

The Central Coast Water Authority is a public entity duly organized and existing under a Joint Exercise of Powers Agreement – Central Coast Water Authority, dated as of August 1, 1991, by and among nine public agencies in Santa Barbara County, two of which have subsequently merged. The members entered into the Agreement to exercise their common power to acquire, construct, operate and maintain works and facilities for the development and use of water resources and water rights including without limitation, works and facilities to divert, store, pump, treat and deliver water for beneficial uses. In particular, the members expressed their desire to create the Authority to finance, develop, operate and maintain the Authority facilities for their mutual benefit and to act on behalf of the members with respect to the Department of Water Resources (DWR) facilities. The Authority currently has a staff of 27 full time employees and two part-time employees.

The Authority is presently composed of eight members, all of which are public agencies: the Cities of Buellton, Guadalupe, Santa Barbara and Santa Maria, Carpinteria Valley Water District, Goleta Water District, Montecito Water District and Santa Ynez River Water Conservation District, Improvement District No. 1 (in which the City of Solvang is located). (A founding member of the Authority, the Summerland Water District, merged into the Montecito Water District.) In addition, the Authority has an Associate Member, the La Cumbre Mutual Water Company. Each member appoints a representative to the Authority's Board of Directors. San Luis Obispo County Flood Control and Water Conservation District (SLOCFWCD and/or San Luis Obispo Water Purchasers) has expressed an interest in joining the Authority. However, any decision to do so must be approved by the unanimous vote of the present members.



# Management's Discussion and Analysis

The member agencies are represented on the CCWA Board of Directors by an individual chosen by each public entity's Board or City Council. Each vote on the Authority Board of Directors is weighted roughly in proportion to the entity's allocation of State water entitlement.

The following table shows the voting percentage for each member of the CCWA Board of Directors.

City of Guadalupe	1.15%
City of Santa Maria	43.19%
City of Buellton	2.21%
Santa Ynez R.W.C.D., Improvement District #1	7.64%
Goleta Water District	17.20%
City of Santa Barbara	11.47%
Montecito Water District	9.50%
Carpinteria Valley Water District	<u>7.64%</u>
TOTAL	100.00%

## CCWA Committees

There are currently three Central Coast Water Authority committees. They consist of the Finance, Operating and Personnel Committees.

The Operating Committee is composed of the general managers, city administrators or water supply managers from each of the various water districts and cities served by the Authority. The Operating Committee typically meets quarterly to act on matters such as construction, operations and financial issues and recommends actions to the Authority Board of Directors.

The Finance and Personnel Committee's are composed of CCWA Board members appointed by the CCWA Board Chairman and review and recommend actions to the Authority Board of Directors with regard to finance and personnel related matters.

## Santa Barbara County Project Participants

Each Santa Barbara County project participant is a water purveyor or user located in Santa Barbara County which obtained contractual rights to receive water from the State Water Project prior to 1991. Those rights have been assigned to the Authority pursuant to the terms of the Water Supply Agreements.

## San Luis Obispo County Water Purchasers

Each San Luis Obispo County water purchaser is a water purveyor or user located in San Luis Obispo County which obtained contractual rights from SLOCFCWCD to receive water from the State Water Project.



# Management's Discussion and Analysis

## FINANCIAL HIGHLIGHTS

The following table shows a condensed version of the Authority's balance sheet with corresponding analysis regarding significant variances.

<b><u>Condensed Balance Sheet</u></b>					
	<b>June 30, 2006</b>	<b>June 30, 2005</b>	<b>June 30, 2004</b>	<b>2006-2005 Change</b>	<b>2005-2004 Change</b>
Current Assets	\$ 19,631,239	\$ 18,323,851	\$ 17,959,655	\$ 1,307,388	\$ 364,196
Non-Current Restricted Assets	60,332,868	57,996,111	59,953,795	2,336,757	(1,957,684)
Capital Assets	117,799,603	120,181,023	122,387,730	(2,381,420)	(2,206,707)
Other Assets	24,421,522	26,102,821	27,794,359	(1,681,300)	(1,691,537)
<b>Total Assets</b>	<b>\$ 222,185,232</b>	<b>\$ 222,603,806</b>	<b>\$ 228,095,539</b>	<b>\$ (418,575)</b>	<b>\$ (5,491,733)</b>
Current Liabilities	\$ 61,834,467	\$ 58,025,726	\$ 66,806,728	\$ 3,808,741	\$ (8,781,002)
Long-Term Liabilities	145,921,901	150,652,542	147,500,000	(4,730,641)	3,152,542
<b>Total Liabilities</b>	<b>207,756,368</b>	<b>208,678,268</b>	<b>214,306,728</b>	<b>(921,900)</b>	<b>(5,628,460)</b>
Net assets invested in capital assets net of related debt	11,994,874	11,542,594	11,304,818	452,280	237,776
Restricted - total	12,546,345	12,502,853	12,551,360	43,492	(48,507)
Unrestricted	(10,112,355)	(10,119,909)	(10,067,366)	7,554	(52,542)
<b>Total Net Assets</b>	<b>14,428,864</b>	<b>13,925,538</b>	<b>13,788,811</b>	<b>503,325</b>	<b>136,727</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 222,185,232</b>	<b>\$ 222,603,806</b>	<b>\$ 228,095,539</b>	<b>\$ (418,575)</b>	<b>\$ (5,491,733)</b>

### Balance Sheet Analysis

- Total assets as of June 30, 2006 are \$222.2 million, or \$0.4 million less than the June 30, 2005 amount.
- Current assets are approximately \$1.3 million more than the prior year amount primarily due to an increase in the Authority's billing to project participants for the FY 2006/07 Operating Assessments received in June 2006, coupled with an increase in credits payable to the project participants.
- Non-current restricted assets are approximately \$2.3 million higher than the prior year amount due to an increase in the project participant payments for Department of Water Resources (DWR) costs.
- Capital and other assets are \$4.1 million lower than the prior year amount due to depreciation of the Authority's capital assets, amortization of the CCWA 1996 revenue bond issuance costs and cash payments received for the long-term receivable.
- Current liabilities are about \$3.8 million higher than the prior year amount due to an increase in the project participant payments for DWR costs, partially offset by a decrease in project participant prepayments.
- Long-term liabilities are \$4.7 million lower due to the transfer of the October 1, 2006 principal payment on the Authority's 1996 revenue bonds to current liabilities.



# Management's Discussion and Analysis

The following table shows a condensed version of the Authority's Statement of Revenues, Expenses and Changes in Net Assets with corresponding analysis regarding significant variances.

<b><u>Condensed Statement of Revenues, Expenses and Changes in Net Assets</u></b>					
	<b>June 30, 2006</b>	<b>June 30, 2005</b>	<b>June 30, 2004</b>	<b>2006-2005 Change</b>	<b>2005-2004 Change</b>
<b>Operating Revenues (Expenses)</b>					
Operating revenues	\$ 16,416,803	\$ 16,179,448	\$ 15,740,542	\$ 237,355	\$ 438,906
Operating expenses, excluding depreciation expense	(5,579,797)	(5,403,161)	(4,987,576)	(176,636)	(415,585)
Depreciation and amortization	(3,752,017)	(3,774,654)	(3,827,197)	22,637	52,543
<b>Operating Income</b>	<b>\$ 7,084,989</b>	<b>\$ 7,001,633</b>	<b>\$ 6,925,769</b>	<b>\$ 83,356</b>	<b>75,864</b>
Non-operating revenues	\$ 2,268,789	\$ 1,585,040	\$ 1,166,486	\$ 683,749	418,554
Non-operating expenses	(8,850,453)	(8,449,946)	(8,296,680)	(400,507)	(153,266)
<b>Increase (decrease) in Net Assets</b>	<b>\$ 503,325</b>	<b>\$ 136,727</b>	<b>\$ (204,425)</b>	<b>\$ 366,598</b>	<b>\$ 341,152</b>

- Operating revenues as of June 30, 2006 are about \$0.2 million higher than the prior year amount. This increase is attributed to an increase in the operating reimbursements from project participants for an increase operations and maintenance costs for the year.

It is the Authority's policy to return O&M assessment surpluses to the project participants in the form of credits against future assessments. For FY 2005/06, this credit totaled \$0.8 million compared to the FY 2004/05 credit of \$0.4 million.

- Operating expenses, excluding depreciation and amortization expense are about \$0.2 million lower than the prior year amount due to the following:
  1. Personnel expense increases of \$0.2 million due to salary increases effective July 1, 2005 and higher employee benefit costs during FY 2005/06.
  2. Utilities expense decrease of \$0.34 million due to a decrease in water deliveries to Lake Cachuma for the Santa Barbara County south coast project participants during FY 2005/06.
- Non-operating revenues are \$0.7 million higher than the prior year amount due to an increase in interest income during FY 2005/06 attributed to higher interest rates earned on investment balances.
- Non-operating expenses are \$0.4 million lower due to a decrease in CCWA 1996 revenue bond interest expense, offset by a \$0.7 million increase in interest income paid to project participants.



# Management's Discussion and Analysis

## Capital Assets

The following table provides a summary of the Authority's capital assets and changes from the prior year.

	June 30, 2006	June 30, 2005	June 30, 2004	2006-2005 Change	2005-2004 Change
Land	\$ 3,148,500	\$ 3,148,500	\$ 3,148,500	\$ 0	\$ (0)
Furniture fixtures and equipment	654,327	637,073	619,060	17,254	18,013
Equipment	28,117,531	27,922,695	27,829,423	194,836	93,271
Buildings and structures	48,427,212	48,427,212	48,394,608	-	32,604
Underground pipeline	58,971,623	58,971,623	58,971,623	-	-
Construction in progress	371,028	450,993	294,845	(79,965)	156,147
Total property, plant and equipment	139,690,221	139,558,094	139,258,058	132,126	300,036
Accumulated depreciation	(21,890,617)	(19,377,073)	(16,870,329)	(2,513,545)	(2,506,744)
Net property, plant and equipment	\$ 117,799,603	\$ 120,181,023	\$ 122,387,730	\$ (2,381,418)	\$ (2,206,708)

Please refer to the Notes to the Financial Statements for additional information regarding the Authority's capital assets.

## Debt Administration

At June 30, 2006, the Authority had \$142,985,000 of outstanding 1996 Series A revenue bonds.

The Authority's 1996 revenue bond indenture and the Water Supply Agreements require that certain CCWA project participants and contractors maintain a ratio of net revenues to contract payments of at least 1.25. Additionally, the Authority has complied with the Securities and Exchange Commission Rule 15c12 which requires all local governments that bring municipal debt to market after July 3, 1995 to provide specified financial and operating information on an annual basis which mirrors the information provided in the 1996 revenue bond official statement.

As of June 30, 2006, the Authority had no arbitrage rebate liability on the 1996 revenue bonds.

On September 28, 2006, the Authority issued Series 2006A refunding revenue bonds in the amount of \$123,190,000, which refunded the outstanding \$142,985,000 Series 1996A revenue bonds. The 2006A revenue bonds were issued at a true interest cost of 4.24% and were issued to reduce the Authority's total debt service payments over the next 15 years by \$4.4 million, and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3.4 million.

Please refer to the Notes to the Financial Statements for additional information regarding the Authority's long-term debt.





# Balance Sheets

## ASSETS

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
<b><u>Current Assets</u></b>		
Cash and investments	\$ 19,324,737	\$ 18,094,067
Interest receivable	138,109	87,047
Other assets	168,393	142,737
<b>Total Current Assets</b>	<b><u>19,631,239</u></b>	<b><u>18,323,851</u></b>
<b><u>Non-Current Assets</u></b>		
Restricted Assets		
Cash and investments with fiscal agents	13,737,152	13,827,219
Cash and investments held for payment to DWR	34,860,864	32,627,916
Cash and investments for debt service payments	11,386,081	11,253,609
Interest receivable	348,771	287,367
<b>Total Restricted Assets</b>	<b><u>60,332,868</u></b>	<b><u>57,996,111</u></b>
Capital Assets		
Capital assets (Net of accumulated depreciation of \$21,890,618 for 2006 and \$19,377,073 for 2005)	114,651,103	117,032,523
Land	3,148,500	3,148,500
<b>Total Capital Assets</b>	<b><u>117,799,603</u></b>	<b><u>120,181,023</u></b>
Unamortized bond issuance costs, net	10,712,213	11,871,369
Long-term accounts receivable	13,709,309	14,231,452
<b>Total Non-Current Assets</b>	<b><u>202,553,993</u></b>	<b><u>204,279,955</u></b>
<b>Total Assets</b>	<b><u>\$ 222,185,232</u></b>	<b><u>\$ 222,603,806</u></b>

*Continued*

*The notes to the financial statements are an integral part of these statements.*



# Balance Sheets

## LIABILITIES AND NET ASSETS

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
<b><u>Current Liabilities</u></b>		
Accounts payable	\$ 161,274	\$ 201,688
Deposits for payment to DWR	34,986,240	32,710,530
Accrued interest payable	1,817,172	1,884,897
Other liabilities	642,682	614,019
Current portion of bonds payable	4,915,000	4,515,000
Prepaid project participant assessments	19,312,099	18,099,592
<b>Total Current Liabilities</b>	<b><u>61,834,467</u></b>	<b><u>58,025,726</u></b>
<b><u>Long-Term Liabilities</u></b>		
Bonds payable	138,070,000	142,985,000
Rate coverage reserve fund	7,851,901	7,667,542
<b>Total Long-Term Liabilities</b>	<b><u>145,921,901</u></b>	<b><u>150,652,542</u></b>
<b>Total Liabilities</b>	<b><u>207,756,368</u></b>	<b><u>208,678,268</u></b>
<b><u>Net Assets</u></b>		
Net assets invested in capital assets, net of related debt	11,994,874	11,542,594
Restricted - capital projects	981,910	1,070,890
Restricted - debt service	11,564,435	11,431,963
Unrestricted	(10,112,355)	(10,119,908)
<b>Total Net Assets</b>	<b><u>14,428,864</u></b>	<b><u>13,925,538</u></b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 222,185,232</u></b>	<b><u>\$ 222,603,806</u></b>

*The notes to the financial statements are an integral part of these statements.*



# Statements of Revenues, Expenses and Changes in Net Assets

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
<b><u>Operating Revenues</u></b>		
Operating reimbursements		
from project participants	\$ 16,384,149	\$ 16,165,304
Other revenues	32,654	14,144
<b>Total Operating Revenues</b>	<u>16,416,803</u>	<u>16,179,448</u>
<b><u>Operating Expenses</u></b>		
Personnel expenses	2,793,551	2,589,725
Office expenses	19,429	19,079
General and administrative	137,251	169,111
Professional services	231,551	269,398
Supplies and equipment	638,409	592,126
Monitoring expenses	56,378	55,011
Repairs and maintenance	186,723	157,627
Utilities	231,505	573,393
Unexpended operating reimbursements	750,250	385,726
Depreciation and amortization	3,752,017	3,774,654
Other expenses	534,750	591,965
<b>Total Operating Expenses</b>	<u>9,331,814</u>	<u>9,177,815</u>
<b>Operating Income</b>	<u>7,084,989</u>	<u>7,001,633</u>
<b><u>Non-Operating Revenues</u></b>		
Interest income	2,252,091	1,565,540
Gain on disposal of property, plant and equipment	16,698	19,500
<b>Total Non-Operating Revenues</b>	<u>2,268,789</u>	<u>1,585,040</u>
<b><u>Non-Operating Expenses</u></b>		
Interest expense	7,336,413	7,601,613
Interest income paid to project participants	1,514,040	848,333
<b>Total Non-Operating Expenses</b>	<u>8,850,453</u>	<u>8,449,946</u>
<b>Increase in net assets</b>	<u>503,325</u>	<u>136,727</u>
<b><u>Net Assets</u></b>		
Net assets, at beginning of year	<u>13,925,538</u>	<u>13,788,811</u>
Net assets, at end of year	\$ <u>14,428,864</u>	\$ <u>13,925,538</u>

*The notes to the financial statements are an integral part of these statements.*



# Statements of Cash Flows

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from project participants and other operating activities	\$ 15,810,353	\$ 14,860,546
Cash payments to employees	(1,915,680)	(1,807,899)
Cash payments to suppliers	(2,954,281)	(3,205,613)
Net cash provided by operating activities	<u>10,940,392</u>	<u>9,847,034</u>
<b>Cash Flows from Investing Activities</b>		
Interest and dividends on investments	<u>2,139,625</u>	<u>1,457,957</u>
Net cash provided by investing activities	<u>2,139,625</u>	<u>1,457,957</u>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Acquisition of capital assets	(211,441)	(366,889)
Interest paid on long-term debt	(7,404,138)	(7,663,638)
Principal payments on long-term debt	(4,515,000)	(4,135,000)
Proceeds received from sale of capital assets	16,698	19,500
Net cash used by capital and related financing activities	<u>(12,113,881)</u>	<u>(12,146,027)</u>
<b>Cash Flows from Non-Capital Financing Activities</b>		
Proceeds received for DWR and Warren Act charges	35,015,463	33,350,520
Payments of DWR and Warren Act charges	(33,575,577)	(35,328,810)
Proceeds received for rate coverage fund and prepayment deposits	1,100,000	1,100,000
Net cash provided (used) by non-capital financing activities	<u>2,539,886</u>	<u>(878,290)</u>
Net (decrease) increase in cash and cash equivalents	3,506,022	(1,719,326)
Cash and cash equivalents, beginning of year	<u>75,802,812</u>	<u>77,522,137</u>
Unrestricted cash and investments	19,324,737	18,094,067
Restricted cash and investments with fiscal agents	13,737,152	13,827,220
Restricted cash and investments held for payment to DWR	34,860,864	32,627,916
Restructed cash and investments for debt service payments	11,386,081	11,253,609
Cash and cash equivalents, end of year	<u>\$ 79,308,834</u>	<u>\$ 75,802,812</u>
<b>Cash Flows From Operating Activities</b>		
Operating Income	\$ 7,084,989	\$ 7,001,633
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	3,752,017	3,774,654
Unexpended operating reimbursements payable to project participants	750,250	385,726
Operating revenues paid from credits and unearned revenue	(606,449)	(1,318,902)
Increase (decrease) in accounts payable	(40,415)	3,923
Net cash provided by operating activities	<u>\$ 10,940,392</u>	<u>\$ 9,847,034</u>

*The notes to the financial statements are an integral part of these statements.*



# Statements of Cash Flows

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## Supplemental Disclosures of Cash Flow Information

	<u>June 30, 2006</u>	<u>June 30, 2005</u>
<b><u>Schedule of Non-Cash Capital and Related Financing Activities</u></b>		
The Authority completed the construction of certain assets and transferred them from construction in progress to property, plant and equipment.	<u>\$ 251,315</u>	<u>\$ 220,664</u>
The Authority disposed of certain property, plant and equipment which were determined to no longer be usable.	<u>\$ 79,316</u>	<u>\$ 66,852</u>

*The notes to the financial statements are an integral part of these statements.*



# Notes to Financial Statements

## **Note 1: Summary of Significant Accounting Policies**

The accounting policies of the Central Coast Water Authority ("Authority") conform to generally accepted accounting principles. The following summary of the Authority's more significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. These policies should be viewed as an integral part of the accompanying financial statements.

### **A. Reporting Entity**

The primary purpose of the Central Coast Water Authority is to provide for the development, financing, construction, operation and maintenance of certain local (non-state owned) facilities required to deliver water from the State Water Project (the "SWP") to certain water purveyors and users in Santa Barbara County.

The Central Coast Water Authority was created by its members in August 1991. The Authority is presently composed of eight members, all of which are public agencies, as follows: the cities of Buellton, Guadalupe, Santa Barbara, and Santa Maria, Carpinteria Valley Water District, Goleta Water District, Montecito Water District and the Santa Ynez River Water Conservation District, Improvement District No. I (SYRWCD, ID#1, in which the City of Solvang is located). (A founding member of the Authority, the Summerland Water District, merged into the Montecito Water District.) In addition, the Authority has one associate member, the La Cumbre Mutual Water Company (together with the members, the "Purveyor Participants"). Each of the Purveyor Participants has entered into a Water Supply Agreement with the Authority, as have non-members: Vandenberg Air Force Base ("Vandenberg AFB"), Raytheon Systems Company (formerly Santa Barbara Research Center), Morehart Land Company and Southern California Water Company (the "Consumer Participants").

The Authority Participants are located in three different geographic areas of Santa Barbara County: North County (Guadalupe, Santa Maria, Southern California Water Company and Vandenberg AFB); the Santa Ynez Valley (Buellton and SYRWCD, ID#1); and the South Coast (Carpinteria, Goleta, La Cumbre Mutual Water Company, Montecito, Morehart Land Company, Santa Barbara and Raytheon Systems Company, formerly Santa Barbara Research Center). Historically, the North County has been an

agricultural area but has seen significant urban development in the last twenty years and expects additional urban development in the future; the Santa Ynez Valley is a rural agricultural area and tourist destination; and the South Coast is a generally developed urban area which does not expect significant growth in the future.

In October 1992, the Central Coast Water Authority entered into an agreement with San Luis Obispo (SLO) County to treat water delivered through the SWP. The entities covered by the agreement include: Avila Beach County Water District, Avila Valley Mutual Water Company, California Men's Colony, City of Morro Bay, City of Pismo Beach, County of San Luis Obispo Community Services Area #16, Irrigation District # 1, Cuesta College, Oceano Community Services District, San Luis Obispo County Operations Center, San Luis Coastal Unified School District and San Miguelito Mutual Water Company.

### **Facilities Constructed by the Authority**

The facilities constructed by the Authority include a water treatment plant located at Polonio Pass in northern San Luis Obispo County and two pipeline extensions: (1) the Mission Hills Extension, a buried pipeline approximately eleven miles long running from the terminus of the Coastal Branch (Phase II) southerly to the vicinity of the Lompoc Valley, and (2) the Santa Ynez Extension, a buried pipeline approximately thirty-two miles long running from the terminus of the Mission Hills Extension easterly through the Santa Ynez Valley, to a terminus at Cachuma Lake and includes one pumping plant near Santa Ynez and one storage tank. Water transported to Lake Cachuma is transported through the existing Tecolote Tunnel, which traverses the Santa Ynez Mountains, to the South Coast of Santa Barbara County.

The water treatment plant receives raw water from the SWP and delivers treated water to purveyors and users located in San Luis Obispo and Santa Barbara Counties.

### **Contractual Relationships**

The State of California Department of Water Resources ("DWR") entered into contracts (the "State Water Supply Contracts") with San Luis Obispo and Santa Barbara Counties in 1963 pursuant to which the counties received Table A amounts to water from the SWP. San Luis Obispo County's Table A amount was for 25,000 acre-feet per year and Santa Barbara County's Table A amount was for 57,700 acre-feet



# Notes to Financial Statements

per year. In 1981, Santa Barbara County amended its contract to reduce its Table A amount to 45,486 acre-feet per year.

In 1983, Santa Barbara County entered into a series of Water Supply Retention Agreements ("WSRAs") with local water purveyors and users within Santa Barbara County. These WSRAs initially granted the purveyors and users an option to obtain an assignment of Santa Barbara County's State Water Supply Contract rights and, as of July 1, 1989, actually granted the full assignment of those rights. Thereafter, certain of the local water purveyors and users holding the WSRA rights transferred those rights to the Authority, a newly formed joint powers authority, in consideration for Water Supply Agreements dated August 1, 1991, which provide for the delivery of SWP water by the Authority and the payment of required costs by the transferors. The Authority's obligation to make such payments to the DWR from the payments it receives pursuant to the Water Supply Agreements is senior to its obligation to make payments with respect to the Bonds. These transfers have been consented to by DWR and were validated by an agreement between Santa Barbara County and the Authority on November 12, 1991 (the "Transfer of Financial Responsibility Agreement").

## The Water Supply Agreements

Each Project Participant has entered into a Water Supply Agreement to provide for the development, financing, construction, operation and maintenance of the Project. The purpose of the Water Supply Agreements is to assist in carrying out the purposes of the Authority with respect to the Project by: (1) requiring the Authority to sell, and the Project Participants to buy, a specified amount of water from the project, and (2) assigning the Project Participants' Table A amount rights in the Project to the Authority.

In accordance with the provisions of each Water Supply Agreement, the Authority fixes charges for each Project Participant to produce revenues from the Project equal to the amounts anticipated to be needed by the Authority to meet the costs of the Authority to deliver to each Project Participant its pro rata share of water from the Project as set forth in each Water Supply Agreement. Each Project Participant is required to pay to the Authority an amount equal to its share of the total Fixed Project Costs and certain other costs in the proportion established in accordance with the applicable Water Supply Agreement, including the Santa Barbara Project Participant's share of payments to DWR under the State Water Supply

Contract, as amended (including capital, operation, maintenance, power and replacement costs of the DWR Facilities), debt service on the Bonds and all Authority operating and administrative costs. Such obligation is to be honored by each Project Participant whether or not water is furnished to it from the Project at all times or not at all and whether or not the Project is completed, operable, operated or retired. Such payments are not subject to any reduction and are not conditioned upon performance by the Authority or any other Project Participant under any agreement.

The Water Supply Agreements set forth detailed provisions concerning the time and method of payment by each Contractor of certain costs, including Fixed Project Costs and other operation and maintenance costs, as well as the method of allocation of such costs and expenses and the remedies available to the Authority in the event a project participant defaults in its payments to the Authority.

## B. Basis of Accounting

The Authority operates as a proprietary fund-type. All proprietary fund-types are accounted for on a flow of economic resources measurement focus. Under this measurement focus, all assets and liabilities associated with the operation of these funds are included on the balance sheets. Where appropriate, net total assets (i.e., fund equity) is segregated into net assets invested in capital assets, net of related debt and unrestricted net assets. Proprietary fund-type operating statements present increases (revenues) and decreases (expenses) in net total assets.

All proprietary fund-types utilize the accrual basis of accounting. Under this method, revenues are recognized when earned, regardless of when received, and expenses are recognized at the time the related liabilities are incurred, regardless of when paid.

This report has been prepared in conformance with Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB). Additionally, the Authority applies all Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions, and Accounting Research Bulletins (ARB's) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.



# Notes to Financial Statements

The Authority has adopted GASB Statements 33 through 42, and related interpretations issued through June 30, 2006. Statement 34 and subsequent Statements and Interpretations required certain other changes in terminology, format and content, as well as inclusion of the management's discussion and analysis as required supplementary information.

## C. Investments

The Authority has developed an investment policy that exceeds the minimum requirements established by the State of California. The Authority believes that it has adhered to established policies for all investment activities. As of June 30, 2006, the investment portfolio has a weighted average maturity (excluding the guaranteed investment contract) of 0 days and a yield to maturity of 4.804%.

The Authority reports investments with a maturity at the time of purchase of less than one year at amortized cost. Investments with a maturity greater than one year at the time of purchase are reported at fair value. As of June 30, 2006 all investments are reported at amortized cost.

## D. Capital Assets

Capital assets, consisting of property, plant and equipment purchased or constructed by the Authority which meet or exceed the Authority's capitalization threshold of \$5,000 and an estimated useful life of five years or more, are stated at cost. Depreciation has been computed over the estimated useful life of each asset using the straight-line method. Interest costs have been capitalized based on the average outstanding capital expenditures. In addition, certain technical and engineering related studies associated with the Project have also been capitalized and included in the basis of the assets. The ranges of depreciation rates are:

Furniture fixtures and equipment	5-10 years
Equipment	10-50 years
Buildings and structures	30-50 years
Underground pipeline	75 years

## E. Inventories

Certain chemical purchases for use at the water treatment plant have been recorded to an inventory account to be expensed in proportion to the amount of water treated at the water treatment plant on a monthly basis.

## F. Unamortized Bond Issuance Costs

Unamortized bond issuance costs are deferred and amortized over the term of the bonds in proportion to the interest expense recognized each period (see Note 4).

## G. Deposits

Deposits include cash receipts from project participants for amounts payable to the Department of Water Resources (DWR) and Warren Act Charges payable to the U.S. Bureau of Reclamation and the Cachuma Operations and Maintenance Board (COMB).

## H. Operating Reimbursements from Project Participants

Operating reimbursements from project participants include amounts paid for Authority operating expenses and debt service payments. Debt service operating assessment receipts for both principal and interest are recorded as operating revenues.

## I. Unexpended Operating Assessments

It is the policy of the Authority to return unexpended operating assessments and interest income to the project participants after the close of each fiscal year. Unexpended operating assessments and investment income earned on the Authority's unrestricted cash balances are recorded as unearned revenue and returned to the project participants as a credit against the following years operating assessment.

## J. Operating and Non-Operating Revenues and Expenses

Project participant assessment payments for operations and maintenance expenses, revenue bond debt service payments and miscellaneous revenues are considered operating revenues. Interest income and gains on sale of capital assets and investments are considered non-operating revenues.

Operations and maintenance expenses and depreciation and amortization expenses are considered operating expenses. Revenue bond interest expenses and other extraordinary expenses are considered non-operating expenses.





# Notes to Financial Statements

## K. Long-Term Accounts Receivable

Certain project participants requested that the Authority finance local facilities and other costs associated with the State water project owned and operated by the individual project participants. These costs are recorded as a long-term receivable on the Authority's balance sheet and repaid by the project participants in the form of revenue bond debt service payments to the Authority.

## L. Rate Coverage Reserve Fund

In December 1997, the Authority adopted the rate coverage reserve fund policy to provide a mechanism to allow the Authority's project participants to satisfy a portion of their obligation under Section 20(a) of the Water Supply Agreement to impose rates and charges sufficient to collect 125% of their contract payments as defined in the Water Supply Agreement.

Under the rate coverage reserve fund policy, a project participant may deposit with the Authority up to twenty five percent (25%) of its State water contract payments in a given year. Amounts on deposit in the rate coverage reserve fund are used to satisfy a portion of the rate coverage obligation found in the Water Supply Agreement.

The following table shows a summary of project participant deposits in the rate coverage reserve fund as of June 30, 2006.

<u>Project Participant</u>	<u>June 30, 2006</u>
Avila Beach CSD (SLO County)	\$ 27,927
City of Buellton	241,074
Carpinteria Valley Water District	761,336
City of Guadalupe	156,539
La Cumbre Mutual Water Company	349,067
Montecito Water District	970,780
Oceano CSD (SLO County)	178,511
City of Santa Maria	4,154,311
Shandon (SLO County)	14,689
Santa Ynez Water Conservation District, ID #1 (City of Solvang portion)	540,980
Santa Ynez WCD, ID #1	389,984
Accrued interest receivable	66,703
Total	<u>\$7,851,901</u>

## M. Self-Funded Dental/Vision Insurance Plan

The Authority maintains a self insured plan for dental and vision coverage offered to employees. Under the provisions of the plan, each full-time employee is provided approximately \$2,726 per calendar year to pay dental and vision expenses for the employee and their qualified dependents. Effective January 1, 2005, the Authority changed the plan year beginning day to July 1st and ending on June 30th. As a result, for the period of January 1, 2005 to June 30, 2005, the plan had a short plan year of six months to accommodate the plan year change.

The following table shows a summary of the claims liability and claims paid for the plan years ended June 30, 2006 and 2005.

	<u>2006</u>	<u>2005</u>
Maximum claims liability	\$ 81,345	\$ 33,125
Actual claims paid	(46,204)	(18,472)

## N. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results will differ from those estimates.

## **Note 2: Cash and Investments**

### A. Pooling

The Authority follows the practice of pooling cash and investments for all funds under its direct daily control. Funds held by outside fiscal agents under provisions of the bond indenture are maintained separately. Interest income from cash and investments with fiscal agents is credited directly to the related accounts. The Authority considers all pooled cash and investments to be cash equivalents.



# Notes to Financial Statements

## B. Demand Deposits

The custodial credit risk for deposits is the risk that the Authority will not be able to recover deposits or will not be able to recover collateral securities that are in possession of an outside party. This risk is mitigated in that of the total bank balance, \$100,000 is insured by Federal depository insurance.

The California Government Code requires California banks and savings and loan associations to secure the Authority's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110% of the Authority's deposits. California law also allows financial institutions to secure Authority deposits by pledging first trust deed mortgage notes having a value of 150% of the Authority's total deposits.

As of June 30, 2006, the reported amount of the Authority's demand deposits was \$689,211 and the bank balance was \$1,496,732. The difference of \$807,521 was principally due to checks which had not yet cleared the bank.

## C. Cash and Investments

The Authority is authorized by its investment policy, in accordance with Section 53601 of the California Government Code, to invest in the following instruments: securities issued or guaranteed by the Federal Government or its agencies, commercial paper, money market funds, and the State Treasurer's Local Agency Investment Funds (LAIF).

The fair value of pooled investments is determined annually and is based on current market prices received from the securities custodian. The fair value of participants' position in the pool is the same as the value of the pool shares. The method used to determine the value of participants' equity withdrawn is based on the book value of the participants'

percentage participation at the date of such withdrawal. LAIF is required to invest in accordance with State statutes. At June 30, 2006, the carrying value of the Authority's position in LAIF is \$40,122,197 and the fair value is \$40,049,408.

### *Credit Risk and Concentration of Credit Risk*

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The Treasurer mitigates these risks by holding a diversified portfolio of high quality investments. The policy sets specific parameters by type of investment for credit quality, maturity length, and maximum percentage investment.

### *Custodial Credit Risk*

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the Authority will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The Authority has invested the proceeds of the 1996 Revenue Bond Reserve Fund in a collateralized Guaranteed Investment Contract (GIC) with an investment bank. The GIC is collateralized with US Government Treasury obligations held by a third-party custodial agent.

### *Interest Rate Risk*

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Treasurer mitigates this risk by investing in shorter-term investments that are not subject to significant adjustments due to interest rate fluctuations.



# Notes to Financial Statements

Investment	Cost	Fair Value 6/30/06	Interest Rate Range	Maturity Date/ Range	Weighted Average Maturity	Credit Rating
<b>Pooled Investments:</b>						
Local Agency Investment Fund	\$ 39,821,365	39,749,122	4.70	n/a	n/a	Non-rated
Money Market Funds	25,060,155	25,060,155	4.85	7/2006	0 days	AAA
	<u>64,881,520</u>	<u>64,809,277</u>				
<b>Investments Controlled by Fiscal Agents:</b>						
Local Agency Investment Fund	300,832	300,286	4.70	n/a	n/a	Non-rated
Guaranteed Investment Contract	12,758,750	12,758,750	5.47	10/2022	5,936 days	Non-rated
Money Market Funds	677,823	677,823	4.85	7/06	0 days	AAA
	<u>13,737,405</u>	<u>13,736,859</u>				
<b>Total Investments</b>	<u>78,618,925</u>	<u>78,546,136</u>				
<b>Cash in Banks:</b>						
Interest Bearing Deposits	689,211	689,211				
Cash on Hand	699	699				
<b>Total Cash and Investments</b>	<u>\$ 79,308,834</u>	<u>\$ 79,236,045</u>				

### Note 3: Capital Assets

Property, plant and equipment consisted of the following at June 30:

	2006			2005		
	Property, Plant and Equipment	Accumulated Depreciation	Net	Property, Plant and Equipment	Accumulated Depreciation	Net
Land	\$ 3,148,500	\$ -	\$ 3,148,500	\$ 3,148,500	\$ -	\$ 3,148,500
Furniture fixtures and equipment	654,327	(601,947)	52,380	637,073	(548,930)	88,143
Equipment	28,117,531	(7,900,459)	20,217,072	27,922,695	(6,937,654)	20,985,041
Buildings and structures	48,427,212	(6,288,164)	42,139,048	48,427,212	(5,581,796)	42,845,416
Underground pipeline	58,971,623	(7,100,048)	51,871,575	58,971,623	(6,308,693)	52,662,930
Construction in progress	371,028	-	371,028	450,993	-	450,993
<b>Total property and equipment</b>	<u>136,541,721</u>	<u>(21,890,618)</u>	<u>114,651,103</u>	<u>136,409,596</u>	<u>(19,377,073)</u>	<u>117,032,523</u>
<b>Total property, plant, and equipment</b>	<u>\$139,690,221</u>	<u>\$(21,890,618)</u>	<u>\$117,799,603</u>	<u>\$139,558,096</u>	<u>\$(19,377,073)</u>	<u>\$120,181,023</u>



# Notes to Financial Statements

The following table shows the capital asset activity for the fiscal years ended June 30, 2006 and 2005.

	Plant and Equipment	Accumulated Depreciation	Net
Balance, June 30, 2004	\$ 136,109,560	\$ (16,870,330)	\$ 119,239,230
Additions	366,889	(2,573,596)	(2,206,707)
Retirements and disposals	(66,853)	66,853	-
Balance at June 30, 2005	136,409,596	(19,377,073)	117,032,523
Additions	211,440	(2,592,861)	(2,381,421)
Retirements and transfers	(79,316)	79,316	-
Balance, June 30, 2006	\$ 136,541,720	\$ (21,890,618)	\$ 114,651,103

#### Note 4: Long-Term Debt

On November 5, 1996, the Authority issued \$198,015,000 in revenue bonds with an average interest rate of 5.55% to advance refund \$177,120,000 of outstanding 1992 Revenue Bonds with an average interest rate of 6.64%. The net proceeds of \$189 million (after deducting \$6.5 million in original issue discount, \$1.9 million in underwriting fees and other issuance costs) were used to purchase State and Local Government Securities (SLGS). Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1992 Revenue Bonds. As of June 30, 2002, \$160,570,000 of the 1992 Revenue Bonds are considered to be defeased.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of \$14.01 million. This difference, reported in the accompanying financial statements as unamortized bond issuance costs, is being charged to operations through the year 2022 in proportion to the bond interest expense incurred for each fiscal year. The Authority completed the advance refunding to reduce its total debt service payments over the next 25 years by \$10.3 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$5.97 million.

The 1992 Revenue Bonds were issued by the Authority for the benefit of its participants to finance a portion of the costs of developing a pipeline and water treatment plant, to reimburse certain project participants for costs incurred in connection with the State Water Project, and to finance certain other facilities. Each of the participants in the financing held elections authorizing issuance of revenue bonds for the construction of the State Water Project. In order to reduce issuance costs and insure the proceeds are available on a timely basis, the Authority issued the bonds for all the participants requiring financing.

The City of Santa Maria, Southern California Water Company, Vandenberg AFB, Avila Valley Mutual Water Company, San Luis Coastal Unified School District, and San Miguelito Mutual Water Company contributed cash for their proportionate share of capital costs. Such net contributions totaling \$22,890,770 at June 30, 2006 and 2005 have been accounted for as contributed capital. Under the Water Supply Agreements, each Project Participant is obligated to make payments to the Authority, with the payments pledged to secure the payment of the principal and interest of the bonds. The 1996 bonds are backed by a municipal bond insurance policy issued by AMBAC Indemnity. The Central Coast Water Authority Note, issued June 1992 in the amount of \$23,545,000, was advance refunded from proceeds of the 1992 revenue bond issue.

The annual requirements to pay all debt outstanding, as of June 30, 2006, are as follows:

Fiscal Year	Interest	Principal	Total
2007	\$ 7,121,238	\$ 4,915,000	\$ 12,036,238
2008	6,829,413	5,775,000	12,604,413
2009	6,503,088	6,065,000	12,568,088
2010	6,155,694	6,425,000	12,580,694
2011	5,821,250	6,760,000	12,581,250
2012-2016	23,548,875	39,235,000	62,783,875
2017-2022	13,636,250	73,810,000	87,446,250
Total	<u>\$69,615,808</u>	<u>\$142,985,000</u>	<u>\$212,600,808</u>

The 1996 Revenue Bonds were issued in two series: Series A bonds totaled \$173,015,000 and Series B bonds totaled \$25,000,000. On October 1, 1998, the Authority exercised the optional Series B bond call in the principal amount of \$23,380,000 with excess construction proceeds.

Series A bonds outstanding bear interest ranging from 5.00% to 6.00%.



# Notes to Financial Statements

## Note 5: Defined Benefit Pension Plan

### A. Plan Description

The Central Coast Water Authority's defined benefit pension plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Central Coast Water Authority is part of the Public Agency portion of the California Public Employees Retirement System (CalPERS), an agent multiple-employer plan administered by CalPERS, which acts as a common investment and administrative agent for participating public employers within the State of California. A menu of benefit provisions as well as other requirements is established by State statutes within the Public Employees' Retirement Law. The Central Coast Water Authority selects optional benefits through local Board resolution. CalPERS issues a separate comprehensive annual financial report. Copies of the CalPERS' annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95814.

### B. Funding Policy

Active plan members in the Central Coast Water Authority are required to contribute 7% of their annual covered salary. However, the Authority pays this amount on behalf of the employees without requiring a contribution from the employees. The Authority is required to contribute the actuarially determined remaining amounts necessary to fund the benefits for its members. The actuarial methods and assumptions used are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2005/06 was 11.628%. The contribution rate is established and may be amended by CalPERS.

### C. Annual Pension Costs

For fiscal year 2005/06, the Central Coast Water Authority's annual pension costs were \$337,979 and the Authority actually contributed \$331,658. The required contribution for fiscal year 2005/06 was determined as part of the June 30, 2003 actuarial valuation using the entry age normal actuarial cost method with the contributions determined as a percent of pay.

Because the Authority has less than 100 active members, it is required to participate in the Miscellaneous 2% at 55 Risk Pool. The Authority's employer contribution rate is calculated

using a combination of the Authority's individual plan cost components and the risk pool's cost components. The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expenses); (b) projected salary increases that vary by duration of service ranging from 3.25% to 14.45% for miscellaneous members, and (c) 3.00% cost-of-living adjustment. Both (a) and (b) include an inflation component of 3.25%. The actuarial value of the Risk Pool's plan assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a two to five year period depending on the size of investment gains and/or losses. The Risk Pool's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2005 was 17 years.

### Three-Year Trend Information for the Central Coast Water Authority

Fiscal Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6/30/03	\$177,618	96%	\$6,791
6/30/04	\$235,722	96%	\$9,205
6/30/05	\$277,414	90%	\$28,663

### Funded Status of Plan

Valuation Date	Entry Age		Unfunded Liability
	Normal Accrued Liability	Actuarial Value of Assets	
6/30/03	\$2,596,966	\$2,372,879	\$224,087
6/30/04	\$2,746,096	\$2,460,945	\$285,151
6/30/05	\$2,891,461	\$2,588,713	\$302,748

Valuation Date	Funded Ratio	Annual Covered Payroll	UAAL As a Percentage of Payroll <sup>(1)</sup>
6/30/03	91.4%	\$725,020	30.9%
6/30/04	89.6%	\$743,692	38.3%
6/30/05	89.5%	\$755,047	40.1%

(1) UAAL: Unfunded Actuarial Accrued Liability.



# Notes to Financial Statements

## **Note 6: Commitments and Uncertainties**

The Authority leases equipment under non-cancelable operating leases. Minimum rental commitments for these operating leases in effect at June 30, 2006 were \$8,400 (2007) and \$3,524 thereafter, resulting in total minimum payments of \$11,924.

The Authority is involved in various legal proceedings, lawsuits and claims of a nature considered normal for its activities. It is the Authority's policy to accrue for amounts related to these legal matters if it is probable that a liability has been incurred and an amount is reasonably estimable.

All of the accounts receivable recorded by the Authority are payable by its local participants and the DWR under the agreements more fully described in Note 1.

## **Note 7: Joint Powers Insurance Authority**

The Authority participates in the liability, property and fidelity bond insurance program organized by the Association of California Water Agencies Joint Powers Insurance Authority ("ACWA - JPIA"). ACWA - JPIA is a joint powers insurance authority created to provide a self-insurance program to water agencies in the State of California.

ACWA - JPIA provides liability, property, workers' compensation, fidelity and boiler and machinery insurance for approximately 300 water agencies for losses in excess of the members' specified self-insurance retention levels. Individual claims (and aggregate public liability and property claims) in excess of specified levels are covered by excess insurance policies purchased from commercial carriers. ACWA - JPIA is governed by a board composed of members from participating members. The board controls the operations of ACWA - JPIA, including selection of management and approval of operating budgets, independent of any influence by the members beyond their representation on the board.

Each member shares surpluses and deficiencies proportionately to its participation in ACWA. The Authority has not incurred any settlements which exceeded insurance coverage for the past three fiscal years.

## **Note 8: Deferred Compensation Plan**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. Under the terms of this plan, employees may defer amounts of income up to one hundred percent of salary or \$15,000 per year, whichever is less.

## **Note 9: Reclassification**

Certain amounts in the June 30, 2005 financial statements have been reclassified to conform to the 2006 presentation. These reclassifications include an adjustment to operating reimbursements from project participants in the Statements of Revenues, Expenses and Changes in Net Assets to exclude the unexpended operating reimbursements and interest income paid to project participants. Unexpended operating reimbursements are now shown as a separate line in the Operating Expense section and interest income paid to project participants is shown as a separate line under Non-Operating Expenses.

## **Note 10: Subsequent Event – Bond Refunding**

On September 28, 2006, the Authority issued Series 2006A refunding revenue bonds in the amount of \$123,190,000 which refunded the outstanding \$142,985,000 Series 1996A revenue bonds. The 2006A revenue bonds were issued at a true interest cost of 4.24% and were issued to reduce the Authority's total debt service payments over the next 15 years by \$4.4 million and to obtain an economic gain (difference between the present values of the old and new debt service payments) of \$3.4 million.





# STATISTICAL SECTION









**TABLE 1**  
**General Governmental Revenues by Source**

<b>Fiscal Year</b>	<b>Operating Assessments</b>	<b>Debt Service Assessments</b>	<b>Other Revenues</b>	<b>Interest Income</b>	<b>Total Revenues</b>
1996/97	\$ 1,495,834	\$ 2,081,902	\$ 9,118	\$ 1,074,057	\$ 4,660,911
1997/98	1,545,147	8,689,624	7,548	4,374,272	14,616,591
1998/99 <sup>(1)</sup>	1,295,241	-	460	3,493,312	4,789,013
1999/00	1,963,376	7,779,256	2,598	2,924,419	12,669,649
2000/01	1,601,303	10,263,441	88,587	3,054,399	15,007,753
2001/02	2,608,414	10,377,750	480,344	2,107,406	15,573,914
2002/03	4,027,340	10,471,871	166,719	1,491,002	16,156,930
2003/04	4,126,452	10,577,149	70,080	1,155,686	15,929,366
2004/05 <sup>(2)</sup>	5,518,626	10,646,678	33,644	1,565,540	17,764,487
2005/06	5,649,874	10,734,275	49,352	2,252,091	18,685,591

Source: Central Coast Water Authority

- (1) Fiscal year 1998/99 revenues decreased for debt service credits provided to the project participants from the project closeout.
- (2) Beginning with fiscal year 2004/05, Operating Assessments exclude yearend credits for unexpended operating reimbursements.

**Total Revenue Comparison**

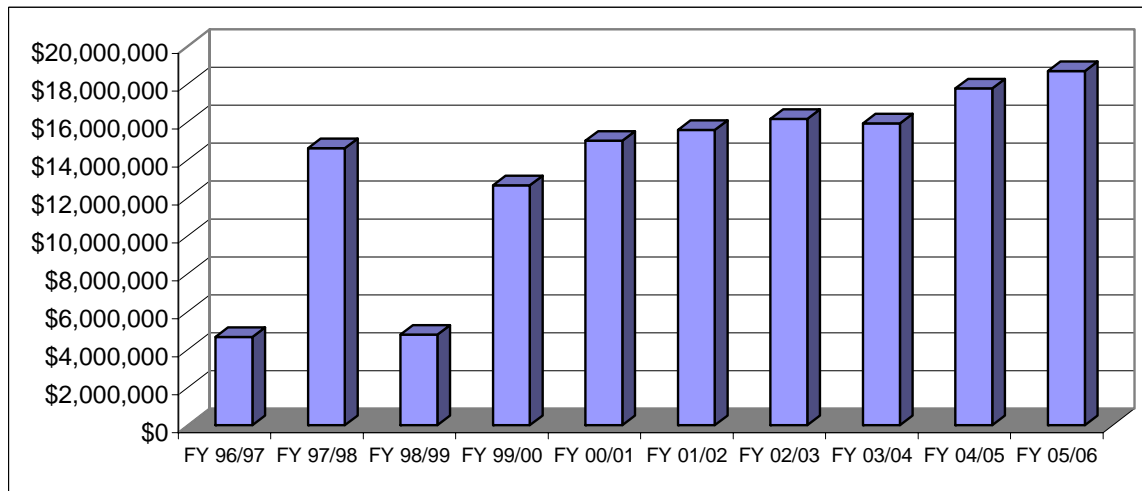




TABLE 2

General Governmental Expenditures by Function

Fiscal Year	Operating Expenses	Capital Improvements	Interest Expense	Interest paid to Participants	Total Expenditures
1996/97	\$ 3,539,031	\$ 16,036,392	\$ 1,314,904	\$ -	\$ 20,890,327
1997/98	6,718,882	3,922,279	9,865,258	-	20,506,419
1998/99	7,708,099	1,983,928	8,806,337	180,000	18,678,364
1999/00	7,260,069	318,601	8,447,925	-	16,026,595
2000/01	7,485,168	611,625	8,297,610	-	16,394,403
2001/02	8,043,758	734,218	8,158,708	-	16,936,684
2002/03	8,263,920	648,606	8,003,636	-	16,916,162
2003/04	8,302,059	349,809	7,831,733	-	16,483,601
2004/05 <sup>(1)</sup>	9,177,815	366,907	7,601,613	848,333	17,994,667
2005/06	9,331,814	211,441	7,336,413	1,514,040	18,393,708

Source: Central Coast Water Authority

(1) Beginning with fiscal year 2004/05, Operating Expenses include yearend credits for unexpended operating reimbursements, and interest credits paid to project participants are shown on a separate line.

Total Expenditures Comparison

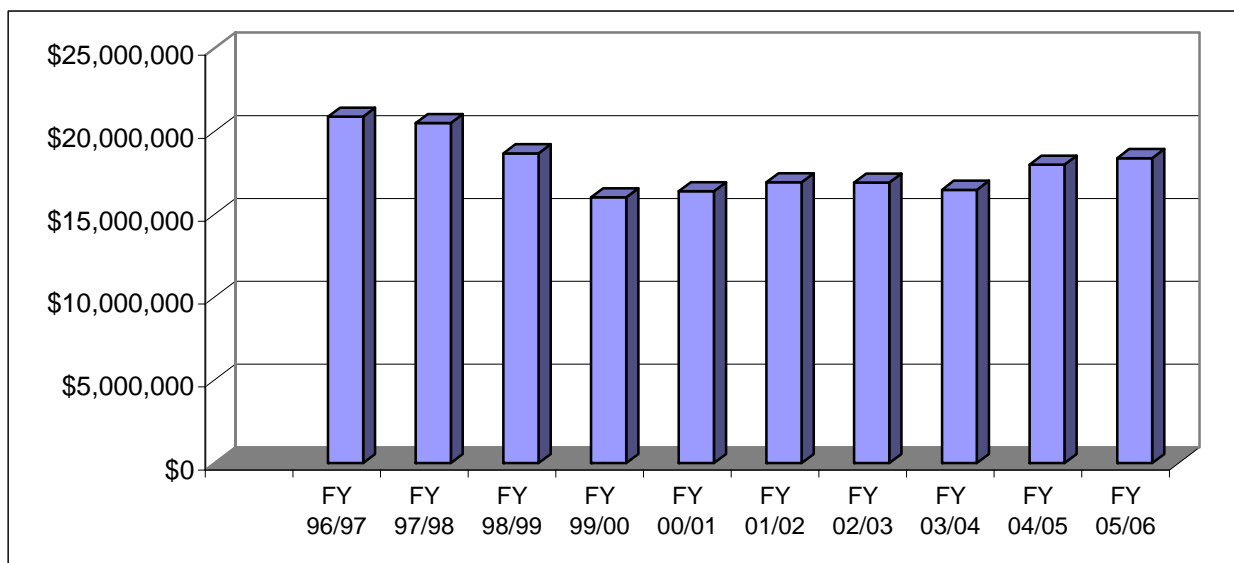




TABLE 3

**Ratio of Annual Debt Service  
For Total Bonded Debt to Total Expenditures**

Fiscal Year	Bond Issue	Principal	Interest <sup>(1)</sup>	Total Debt Service	Total Expenditures	Ratio of Debt Service to Total Expenditures
1996/97	92 & 96 Bonds	\$ -	\$ 7,922,882	\$ 7,922,882	\$ 20,890,327	38.64%
1997/98	96 Bonds	4,040,000	9,904,443	13,944,443	20,506,419	74.66%
1998/99 (2)	96 Bonds	25,920,000	9,164,749	35,084,749	18,678,364	218.92%
1999/00	96 Bonds	2,775,000	8,447,925	11,222,925	16,026,595	68.46%
2000/01	96 Bonds	3,010,000	8,329,216	11,339,216	16,394,403	66.95%
2001/02	96 Bonds	3,270,000	8,194,474	11,464,474	16,936,684	67.77%
2002/03	96 Bonds	3,535,000	8,043,405	11,578,405	16,916,162	70.24%
2003/04	96 Bonds	3,830,000	7,875,778	11,705,778	16,760,608	69.84%
2004/05	96 Bonds	4,135,000	7,663,638	11,798,638	16,129,417	73.15%
2005/06	96 Bonds	4,515,000	7,404,138	11,919,138	18,393,708	64.80%

(1) Represents actual cash payment without regard to payments from the capitalized interest fund.

(2) Includes \$23,940,080 bond principal payment for calling the 1996 Series B revenue bonds.

Source: Central Coast Water Authority

**Ratio of Debt Service to Total Expenditures**

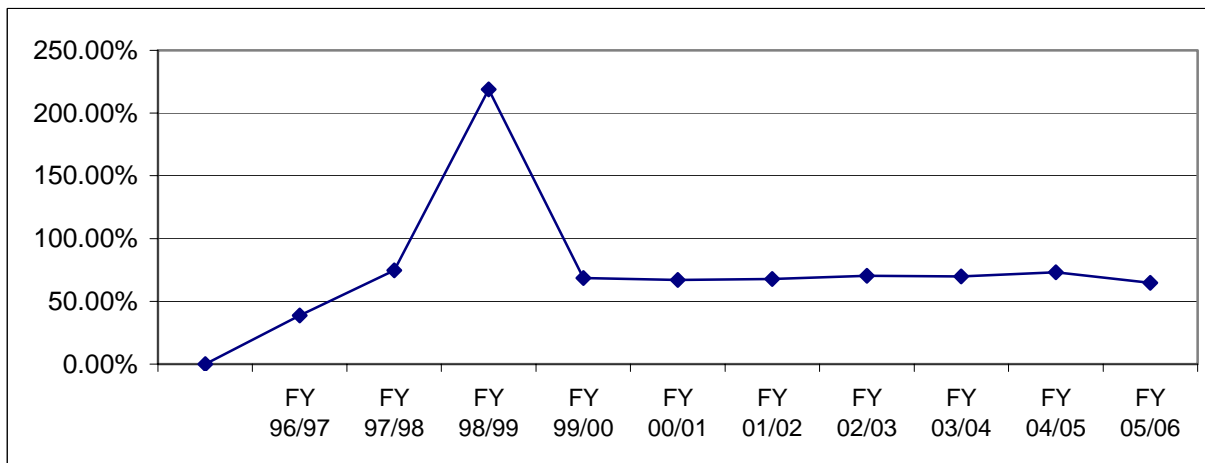




TABLE 4

FY 2005/06 Allocation of CCWA Operating Expenses

Project Participant	FY 2005/06 Unadjusted Operating Expenses <sup>(1)</sup>	Exchange Agreement Modifications <sup>(2)</sup>	Regional Water Treatment Plant Modifications <sup>(3)</sup>	FY 2005/06 Allocated Operating Expenses
Shandon (SLO County)	\$ 5,547	N/A	N/A	\$ 5,547
Chorro Valley Turnout (SLO County)	179,371	N/A	N/A	179,371
Lopez Turnout (SLO County)	181,622	N/A	N/A	181,622
City of Guadalupe	54,595	N/A	\$ 18,258	72,853
City of Santa Maria	1,544,729	N/A	537,125	2,081,854
Golden State Water Co.	46,065	N/A	16,440	62,506
Vandenberg Air Force Base	548,648	N/A	181,465	730,113
City of Buellton	72,244	N/A	19,300	91,543
City of Solvang	177,503	N/A	49,665	227,168
Santa Ynez Imp. District #1	95,446	376,533	107,404	579,382
Goleta Water District	572,631	(135,864)	(292,591)	144,177
Morehart Land Co.	31,483	N/A	(18,257)	13,226
La Cumbre Mutual Water Co.	162,867	N/A	(93,012)	69,855
Raytheon Systems Company	10,003	N/A	(5,107)	4,896
City of Santa Barbara	384,402	(90,165)	(195,311)	98,926
Montecito Water District	382,207	(90,165)	(195,311)	96,731
Carpinteria Valley Water District	272,053	(60,338)	(130,068)	81,647
<b>TOTAL:</b>	<b>\$ 4,721,416</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 4,721,416</b>

1. FY 2005/06 unadjusted operating expenses is equal to total operating expenses *minus* depreciation and amortization, interest income on the general operating fund for CCWA, miscellaneous and non-annual recurring expense income, plus capital expenditures paid from operating assessments.
2. Exchange agreement modifications represent cost adjustments between the Santa Ynez River Water Conservation District, ID#1 and the South Coast project participants for Cachuma Project water.
3. Regional Water Treatment Plant modifications represents fixed, capital and variable modifications pursuant to CCWA Resolutions 92-16 and 95-13.



**TABLE 5**

**Deposits for Payments to the Department of Water Resources**

<b>Project Participant</b>	<b>Balance July 1, 2005</b>	<b>FY 2005/06 Project Participant Payments and DWR Credits</b>	<b>Payments to Department of Water Resources and Other Adjustments</b>	<b>Ending Balance June 30, 2006</b>
City of Guadalupe	\$ 410,043	\$ 441,606	\$ (438,315)	\$ 413,334
City of Santa Maria	12,682,379	14,562,222	(13,671,110)	13,573,492
Golden State Water Co.	395,249	402,379	(391,817)	405,811
Vandenberg Air Force Base	4,664,042	5,157,962	(4,871,058)	4,950,946
City of Buellton	496,929	556,751	(551,150)	502,530
Santa Ynez ID#1 (Solvang only)	1,258,512	1,433,158	(1,346,974)	1,344,696
Santa Ynez ID#1 (excluding Solvang)	466,467	552,988	(516,519)	502,937
Goleta Water District	3,925,568	4,209,384	(3,948,572)	4,186,380
Morehart Land Co.	172,390	181,221	(170,673)	182,938
La Cumbre Mutual Water Co.	862,144	909,995	(860,135)	912,003
Raytheon Systems Company	43,463	48,648	(44,907)	47,204
City of Santa Barbara	2,445,458	2,655,228	(2,496,548)	2,604,138
Montecito Water District	2,560,357	2,681,262	(2,498,343)	2,743,276
Carpinteria Valley Water District	1,711,987	1,715,183	(1,664,332)	1,762,838
<b>TOTAL:</b>	<b>\$ 32,094,989</b>	<b>\$ 35,507,986</b>	<b>\$ (33,470,455)</b>	<b>\$ 34,132,520</b>

This table shows the project participant payments to the Authority for payment to DWR and the corresponding ending balance at June 30, 2006. The amounts shown above exclude Warren Act and Trust Fund MOU deposits payable to the U.S. Bureau of Reclamation and Cachuma Operations and Maintenance Board and DWR account interest income payable to the CCWA project participants as of June 30, 2006.



TABLE 6

**FY 2005/06 Actual State Water Deliveries (acre feet)**

<b>Project Participant</b>	<b>Table A Deliveries</b>	<b>Exchange Agreement Deliveries</b>	<b>Total Deliveries</b>
Chorro Valley Turnout (SLO County)	2,060	N/A	2,060
Lopez Turnout (SLO County)	2,207	N/A	2,207
City of Guadalupe	442	N/A	442
City of Santa Maria	13,049	N/A	13,049
Golden State Water Co.	179	N/A	179
Vandenberg Air Force Base	3,283	N/A	3,283
City of Buellton	640	N/A	640
City of Solvang	1,216	N/A	1,216
Santa Ynez Imp. Dist. #1	738	2,752	3,490
Goleta Water District	993	(993)	-
Morehart Land Co.	84	N/A	84
La Cumbre Mutual Water Co.	498	-	498
Raytheon (SBRC)	50	N/A	50
City of Santa Barbara	659	(659)	-
Montecito Water District	659	(659)	-
Carpinteria Valley Water District	441	(441)	-
<b>TOTAL:</b>	<b>27,198</b>	<b>-</b>	<b>27,198</b>

**FY 2006/07 Requested State Water Deliveries (acre feet)**

<b>Project Participant</b>	<b>Table A Deliveries</b>	<b>Exchange Agreement Deliveries</b>	<b>Total Deliveries</b>
Chorro Valley Turnout (SLO County)	2,235	N/A	2,235
Lopez Turnout (SLO County)	1,892	N/A	1,892
City of Guadalupe	555	N/A	555
City of Santa Maria	14,400	N/A	14,400
Golden State Water Co.	270	N/A	270
Vandenberg Air Force Base	4,100	N/A	4,100
City of Buellton	625	N/A	625
City of Solvang	1,250	N/A	1,250
Santa Ynez Imp. Dist. #1	740	2,467	3,207
Goleta Water District	2,712	(888)	1,824
Morehart Land Co.	160	N/A	160
La Cumbre Mutual Water Co.	915	-	915
Raytheon (SBRC)	55	N/A	55
City of Santa Barbara	592	(592)	(0)
Montecito Water District	2,000	(592)	1,408
Carpinteria Valley Water District	409	(395)	14
<b>TOTAL:</b>	<b>32,910</b>	<b>-</b>	<b>32,910</b>



**TABLE 7**

**Selected Demographic Information**  
*Santa Barbara County*

<u>Population</u> (In thousands of people)	
Estimated, 2006	423.50
<u>Gender</u>	
Male	205.10
Female	204.10
Median Age (in years)	34.10
<u>Ethnicity</u>	
White	225.40
Black	9.60
Other	21.10
Hispanic, Any Race	153.10

<u>Average Salary by Sector in 2005</u>	
Agriculture	\$ 20,667
Mining	59,022
Construction	41,578
Durable Manufacturing	62,260
Non-Durable Manufacturing	40,945
Transportation and Utilities	39,323
Communications	52,205
Wholesale Trade	46,631
Retail Trade	21,576
Finance, Insurance and Real Estate	56,971
Other Services	36,693
Government	38,851

Source: University of Santa Barbara Economic Forecast Project





**TABLE 8**

**Santa Barbara County  
Civilian Labor Force, Employment and Unemployment  
Annual Averages**  
(Amounts in Thousands)

	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
Civilian Labor Force <sup>(1)</sup>	203.16	206.08	209.52	212.66	215.97
Employment	194.21	195.47	198.99	202.63	206.69
Unemployment	8.85	10.58	10.52	10.05	9.29
Unemployment Rate	4.37%	5.14%	5.02%	4.73%	4.32%
Wage and Salary Employment <sup>(2)</sup>					
Total, Wage and Salary	179.82	179.64	182.19	184.92	188.13
Total Farm	13.76	14.23	16.18	16.01	16.32
Total Non-Farm	166.07	165.41	166.01	168.92	171.81
Total Private	131.62	129.66	130.43	133.05	135.45
Goods Producing	24.60	22.23	22.77	23.73	24.54
Service Producing	141.47	143.17	143.24	145.22	147.27
Natural Resources, Mining and Construction	9.53	8.85	9.43	10.47	10.97
Natural Resources and Mining	1.17	0.86	0.80	0.80	0.9
Construction	8.37	7.99	8.63	9.67	10.07
Manufacturing	15.07	13.38	13.33	13.22	13.57
Durable Goods	11.82	10.20	10.07	9.97	10.22
Nondurable Goods	3.24	3.18	3.26	3.25	3.35
Trade, Transport and Utilities	28.50	27.90	27.33	27.67	27.8
Wholesale Trade	5.37	4.76	4.34	4.53	4.71
Retail Trade	20.17	20.33	20.09	20.21	20.1
Transport, Warehousing and Utilities	2.96	2.81	2.90	2.93	2.99
Information	4.50	4.12	4.07	4.02	4.22
Financial Activities	8.84	8.62	8.42	8.52	8.56
Professional and Business Services	19.62	20.61	21.07	22.08	22.97
Educational and Health Services	18.60	19.25	19.32	19.57	19.47
Leisure and Hospitality	21.00	20.95	21.70	21.91	22.27
Other Services	5.96	5.98	5.75	5.58	5.61
Government	34.45	35.75	35.57	35.87	36.36
Federal Government	3.82	3.92	3.87	3.78	3.73
State and Local Government	30.63	31.82	31.7	32.08	32.62

Notes:

<sup>(1)</sup> Based on place of residence.

<sup>(2)</sup> Based on place of employment.

Source: Economic Sciences Corporation



TABLE 9

Santa Barbara County Largest Employers

Company	Location	Type of Business	Number of Employees
University of California at Santa Barbara	Goleta	Education	9,626
Vandenberg Air Force Base (VAFB)	Lompoc	Defense	4,782
County of Santa Barbara	Santa Barbara	Government	4,088
Santa Barbara Cottage Hospital	Santa Barbara	Healthcare	2,529
Santa Barbara City College	Santa Barbara	Education	2,211
Raytheon Electronic Systems	Goleta	Electronics Mfg.	1,950
Santa Barbara School District Admin.	Santa Barbara	Education	1,810
Santa Maria-Bonia School District	Santa Maria	Education	1,615
Chumash Casino	Solvang	Arts/Entertainment	1,530
City of Santa Barbara	Santa Barbara	Government	1,520
Lompoc Unified School District	Lompoc	Education	1,498
Marian Medical Center	Santa Maria	Healthcare	1,300
Alan Hancock College	Santa Maria	Education	1,200
Sansum Santa Barbara Medical Foundation	Santa Barbara	Healthcare	1,100
Lockheed Martin Corporation	Santa Barbara	Defense	967

Source: 2005 University of Santa Barbara Economic Forecast Project



**TABLE 10**  
**Miscellaneous Statistical Information**

Form of government	Joint Powers Authority
Date of organization	August 1, 1991
Number of full-time equivalent positions	28.25
Polonio Pass Water Treatment Plant design capacity	43 million gallons per day
Authority pipeline (in miles)	42.5
Coastal Branch pipeline (in miles)	100.6
Number of water storage tanks	5
Number of turnouts	10

<u>Agency</u>	<u>Table A Amount (AFY)</u>
City of Buellton	578
Carpinteria Valley Water District	2,000
Goleta Water District	4,500
City of Guadalupe	550
La Cumbre Mutual Water Co.	1,000
Montecito Water District	3,000
Morehart Land Co.	200
City of Santa Barbara	3,000
Raytheon Systems Company	50
City of Santa Maria	16,200
Santa Ynez River W.C.D. #1	2,000
Southern California Water Co.	500
Vandenberg Air Force Base	5,500
Total Santa Barbara County *	<u>39,078</u>
Avila Beach C.S.D	100
Avila Valley Mutual Water Co., Inc.	20
California Mens Colony (State)	400
County of SLO C.S.A. No. 16 I.D. #1	100
County of SLO (Op. Center & Reg. Park)	425
City of Morro Bay	1,313
Oceano CSD	750
City of Pismo Beach	1,240
San Luis Coastal Unified School District	7
San Miguelito Mutual Water Co.	275
SLO Co. Comm. Coll. District (Cuesta College)	200
Total San Luis Obispo County	<u>4,830</u>
 TOTAL TABLE A AMOUNT	 <u><u>43,908</u></u>

Note: \* Excludes CCWA drought buffer of Table A amount of 3,908 AfY and Goleta Water District additional Table A amount of 2,500 AfY.



**TABLE 11**

**Schedule of Insurance  
Valued June 30, 2006**

<u>Company</u>	<u>Policy Period</u>	<u>Insurance Type</u>	<u>Limits</u>	<u>Coverages</u>
National Union Fire Insurance Company	4-1-06 to 4-1-07	Commercial Crime Coverage	\$ 1,000,000	Dishonesty and forgery coverage \$1,000,000 Faithful performance of duties to \$1,000,000
ACWA Joint Powers Insurance Authority	4-1-06 to 4-1-07	Excess Crime Coverage	\$ 1,000,000	Dishonesty and forgery coverage \$1,000,000 Computer fraud \$1,000,000
ACWA Joint Powers Insurance Authority	4-1-06 to 4-1-07	Property Insurance	\$ 52,037,906	Buildings (\$22,374,141); Personal property (\$1,199,500); Fixed Equipment (\$28,464,265)
ACWA Joint Powers Insurance Authority	10-1-05 to 10-1-06	General and Auto Liability	\$ 1,000,000	Liability JPIA pooled layer
Insurance Co. of the State of Pennsylvania #4705-3166	10-1-05 to 10-1-06	General and Auto Liability	\$ 4,000,000	Liability umbrella policy
Insurance Co. of the State of Pennsylvania #4705-3167	10-1-05 to 10-1-06	General and Auto Liability	\$ 15,000,000	Liability umbrella policy
Great Lakes Reinsurance #01-UKFO-0002402	10-1-05 to 10-1-06	General and Auto Liability	\$ 10,000,000	Liability umbrella policy
Lexington Insurance #6500889	10-1-05 to 10-1-06	General and Auto Liability	\$ 10,000,000	Liability umbrella policy



# Statistical Section

## San Luis Obispo County Improvement District #1 (SLO County)

### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1996	237	\$ 134,483	203
1997	243	148,173	195
1998	236	122,088	136
1999	234	143,398	229
2000	243	142,129	122
2001	244	153,167	135
2002	304	195,366	143
2003	309	175,353	137
2004	319	194,205	154
2005	335	189,481	147

### Largest Customers as of June 30, 2005

	Water Usage <sup>(1)</sup>	Annual Payment
Shandon Park	540	\$ 2,463
Shandon Methodist Church	582	2,315
Caltrans	584	2,149
Shandon Unified School District	461	1,670
Residence	427	1,481
Residence	373	1,314
Residence	318	1,102
Residence	318	1,089
Residence	287	1,059
Residence	283	994
Total	4,173	\$ 15,636

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1996	\$ 153,587	\$ 81,174	\$ -	\$ 72,413	\$ 40,083	1.81
1997	173,729	70,536	-	103,193	42,461	2.43
1998	139,720	76,756	-	62,964	41,765	1.51
1999	160,622	92,464	-	68,158	43,895	1.55
2000	162,963	94,342	12,500	81,121	55,135	1.47
2001	193,160	84,665	13,037	121,532	53,174	2.29
2002	394,116	158,505	13,889	249,500	50,657	4.93
2003	254,241	117,932	14,572	150,881	55,506	2.72
2004	292,604	109,885	14,139	196,858	56,554	3.48
2005	258,570	135,940	13,844	136,474	55,378	2.46

Source: San Luis Obispo County



# Statistical Section Avila Beach Community Services District (SLO County)

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1996	156	\$ 93,209	61
1997	157	88,922	54
1998	157	91,035	64
1999	157	89,043	51
2000	157	95,589	45
2001	169	114,721	38
2002	171	125,791	44
2003	176	160,395	52
2004	209	171,315	52
2005	213	163,847	51

## Largest Customers as of June 30, 2005

	Water Usage <sup>(1)</sup>	Annual Payment
Custom House	3,421	\$ 19,773
Western Inns	2,110	12,196
SLO Co Park	1,693	9,786
Villa Avila	1,190	6,878
Port San Luis Restrooms	774	4,474
SLO County Park Restroom	674	3,896
Dun Sailing Apts.	495	2,861
La Casita	391	2,260
SLO County Park Front Street	343	1,983
Williams Tract HOA	341	1,971
<b>Total</b>	<b>11,432</b>	<b>\$ 66,078</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1996	\$ 101,209	\$ 70,129	\$ -	\$ 31,080	\$ 51,600	\$ 0.60
1997	174,362	69,672	-	104,690	72,284	\$ 1.45
1998	160,191	79,974	-	80,217	81,619	0.98
1999	176,286	81,951	-	94,335	88,339	1.07
2000	103,437	149,733	23,768	(22,528)	95,639	(0.24)
2001	119,315	114,265	24,785	29,835	91,338	0.33
2002	139,532	98,747	26,405	67,190	83,658	0.80
2003	166,715	117,373	27,703	77,045	94,876	0.81
2004	191,616	139,907	27,609	79,318	84,505	0.94
2005	273,272	182,051	27,609	118,830	86,962	1.37

Source: Avila Beach Community Services District



# Statistical Section City of Pismo Beach (SLO County)

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1996	4,257	\$ 1,433,899	1,803
1997	4,250	1,410,581	1,873
1998	4,359	1,018,641	1,803
1999	4,429	1,118,375	1,959
2000	4,410	1,632,551	2,078
2001	4,158	1,710,063	1,983
2002	4,233	1,751,585	2,219
2003	4,234	1,772,352	2,001
2004	4,365	1,872,673	1,962
2005	4,405	1,888,635	1,953

## Largest Customers as of June 30, 2005

	Water Usage <sup>(1)</sup>	Annual Payment
Pismo Mobile Home Park	14,601	\$ 27,997
Cliffs Shell Beach	14,528	25,395
Shorecliff Lodge	9,192	15,905
Seacrest Motel II	8,940	15,703
Oxford Suites	7,888	15,430
Motel 6	8,418	15,063
Oxford Suites	6,859	13,667
Hacienda Del Pismo	6,947	13,127
Lucia Mar School District	7,760	12,591
Kon Tiki	6,543	11,637
Total	91,676	\$ 166,515

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Parity Debt	Coverage
1996	\$ 2,040,334	\$ 1,053,606	\$ 986,728	\$ 746,228	\$ 123,479	1.13
1997	2,232,597	1,192,153	1,040,444	894,779	-	1.16
1998	2,554,992	1,119,067	1,435,925	1,053,312	-	1.36
1999	2,950,803	1,074,072	1,876,731	1,029,404	-	1.82
2000	3,503,712	1,248,715	2,254,997	1,144,263	-	1.97
2001	3,086,559	1,265,673	1,820,886	1,110,301	-	1.64
2002	3,304,001	1,179,819	2,124,182	1,197,934	-	1.77
2003	3,259,930	1,248,739	2,011,191	1,287,062	-	1.56
2004	2,854,004	1,523,338	1,330,666	1,198,295	-	1.11
2005	3,051,700	1,561,213	1,490,487	1,251,600	-	1.19

Source: City of Pismo Beach



# Statistical Section City of Morro Bay (SLO County)

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water
			Deliveries (acre-feet per year)
1996	4,825	\$ 3,437,371	1,475
1997	4,887	3,606,969	1,546
1998	4,949	3,599,977	1,402
1999	5,010	3,585,083	1,363
2000	5,118	3,641,293	1,397
2001	5,198	3,785,189	1,238
2002	5,251	3,857,137	1,253
2003	5,254	3,802,287	1,349
2004	5,383	3,852,954	1,205
2005	5,399	3,436,322	976

## Largest Customers as of June 30, 2005

	Water Usage <sup>(1)</sup>	Annual Payment
San Luis Unified School District	1,903,300	\$ 221,533
City of Morro Bay	2,029,500	175,652
Inn at Morro Bay	1,036,100	119,164
Mission Linen	889,000	99,472
Pacific Care Center	491,500	98,996
Morro Dunes Trailer Park	517,400	46,732
Department of Recreation & Parks	474,100	41,366
Accor Economy Lodge	398,300	38,765
Silver City Manor 1 & 2	305,500	28,092
Blue Sail Inn	256,000	27,305
Total	8,300,700	\$ 897,077

(1) In cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Parity Debt	Coverage
1996	\$ 3,489,231	\$ 719,098	\$ 2,770,133	\$ 1,789,687	\$ 7,000	1.54
1997	3,673,481	746,430	2,927,051	1,676,152	-	1.75
1998	3,578,066	716,505	2,861,561	1,493,155	-	1.92
1999	3,556,769	522,037	3,034,732	1,527,252	-	1.99
2000	3,726,625	573,398	3,153,227	1,745,066	-	1.80
2001	3,867,608	535,004	3,332,604	1,662,862	-	2.00
2002	3,857,137	495,459	3,361,678	1,739,275	-	1.93
2003	4,165,957	637,036	3,528,921	1,844,889	-	1.91
2004	3,947,340	938,793	3,008,547	1,815,661	-	1.66
2005	3,531,000	1,047,262	2,483,738	1,888,003	-	1.32

Source: City of Morro Bay





# Statistical Section Oceano Community Services District (SLO County)

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1995	1,811	\$ 655,289	767
1996	1,817	758,775	818
1997	1,830	958,169	828
1998	1,848	1,057,473	799
1999	1,888	1,073,437	806
2000	1,913	1,094,398	841
2001	1,942	1,093,686	814
2002	1,956	1,101,900	815
2003	1,999	1,087,896	817
2004	2,024	1,217,461	839

## Largest Customers as of June 30, 2004

	Water Usage <sup>(1)</sup>	Annual Payment
Casitas Corp/Mobile Home Park	14,020	\$ 39,124
Lucia Mar Unified School District	8,412	27,894
Sand and Surf Transient RV Park	7,876	25,891
Oceano 1 Condo Home Owners Assoc.	8,005	22,427
Duna Vista Mobile Home Park	5,640	19,267
State of California	4,858	17,734
Porticos Mobile Home Park	5,543	16,168
Pleasant Hill Mobile Home Manor	4,648	12,628
PTI Inc. Pismo Sands RV Park	3,182	12,044
Encanto Ridge Home Owners Assoc.	4,005	11,532
<b>Total</b>	<b>66,189</b>	<b>\$ 204,709</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Parity Debt	Coverage
1995	\$ 830,054	\$ 526,257	\$ -	\$ 303,797	\$ 158,986	\$ 80,203	1.27
1996	1,026,334	512,893	-	513,441	387,646	79,953	1.10
1997	1,068,942	497,567	-	571,375	520,938	-	1.10
1998	1,250,157	567,195	35,112	718,074	614,936	-	1.17
1999	1,233,299	559,699	-	673,600	598,998	-	1.12
2000	1,375,756	689,127	86,000	772,629	519,540	-	1.49
2001	1,448,331	642,433	90,715	896,613	638,696	-	1.40
2002	1,209,053	568,754	96,642	736,941	683,399	-	1.08
2003	1,390,403	577,590	176,714	989,527	743,014	-	1.33
2004	1,429,906	727,712	176,477	878,671	530,667	-	1.66

Source: Oceano Community Services District



# Statistical Section City of Guadalupe

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Municipal Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1996	1,705	\$ 573,212	562
1997	1,578	781,376	613
1998	1,577	809,553	730
1999	1,579	846,539	714
2000	1,592	870,771	711
2001	1,638	921,050	735
2002	1,714	889,048	741
2003	1,804	980,076	764
2004	1,912	1,011,608	811
2005	1,857	1,001,571	605

## Largest Customers as of June 30, 2005

	Water Usage <sup>(1)</sup>	Annual Payment
Apio Coller	36,141	\$ 117,458
Guadalupe Union School	4,975	16,168
Waller Genetics	3,282	10,666
Lupe Alvarez	2,508	8,151
Guadalupe Cemetery	1,932	7,631
P&M Properties	1,771	5,755
Simplot Soilbuilders	1,645	4,732
Far Western Tavern	1,584	4,589
Playa, Inc.	1,033	4,218
Imperial Café	419	1,361
Total	55,290	\$ 180,729

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1996	\$ 649,169	\$ 274,814	\$ -	\$ 374,355	\$ 258,396	1.45
1997	845,468	190,000	-	655,468	493,298	1.33
1998	877,834	131,288	18,389	764,935	491,491	1.56
1999	883,908	131,634	18,916	771,190	454,395	1.70
2000	957,764	157,355	154,212	954,621	597,949	1.60
2001	1,081,498	209,025	154,212	1,026,685	597,890	1.72
2002	1,257,016	365,254	154,212	1,045,974	549,327	1.90
2003	1,089,354	372,200	155,315	872,469	685,609	1.27
2004	1,901,527	328,840	154,756	1,727,443	669,041	2.58
2005	1,179,481	281,965	154,756	1,052,272	611,570	1.72

Source: City of Guadalupe



# Statistical Section City of Santa Maria

## Historic Water Connections and Sales Revenues

<b>Fiscal Year</b> <b>Ending June 30</b>	<b>Water</b> <b>Connections</b>	<b>Sales</b> <b>Revenues</b>	<b>Water</b> <b>Deliveries</b> <b>(acre-feet per year)</b>
1996	16,006	\$ 8,797,200	12,999
1997	16,198	10,671,207	12,876
1998	16,406	11,577,701	11,003
1999	16,586	12,518,274	12,807
2000	16,798	13,430,453	11,992
2001	17,189	14,985,470	12,216
2002	17,735	16,350,234	12,990
2003	18,301	17,569,216	12,647
2004	19,170	19,392,893	13,267
2005	19,596	20,479,665	11,375

## Largest Customers as of June 30, 2005

	<b>Water</b> <b>Usage <sup>(1)</sup></b>	<b>Annual</b> <b>Payment</b>
City of Santa Maria	188,305	\$ 684,382
Santa Maria Elementary Schools	92,611	324,438
SP Village Green LLC	63,382	205,830
Casa Grande Mobile Homes	60,163	145,811
Allan Hancock College	53,683	185,049
Marian Hospital	28,206	113,402
S.B. County Housing Authority	25,537	91,093
Mission Linen Supply	22,697	78,933
Culligan Water	22,673	73,185
El Capitan Trailer Park	22,129	55,068
<b>Total</b>	<b>579,386</b>	<b>\$ 1,957,191</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

<b>Fiscal Year</b> <b>Ending June 30</b>	<b>Total</b> <b>Revenues <sup>(1)</sup></b>	<b>Operating</b> <b>Expenses</b>	<b>Rate</b> <b>Coverage</b> <b>Fund</b>	<b>Net</b> <b>Revenues</b>	<b>State Water</b> <b>Payments</b>	<b>Coverage</b>
1996	\$ 13,075,742	\$ 4,608,906	\$ -	\$ 8,466,836	\$ 5,082,855	1.67
1997	14,270,631	5,637,937	-	8,632,694	9,335,682	0.92
1998	18,527,735	4,544,329	2,862,780	16,846,186	11,789,392	1.43
1999	19,926,823	5,345,513	3,250,757	17,832,067	10,890,688	1.64
2000	20,629,192	5,177,387	3,173,781	18,625,586	10,228,806	1.82
2001	22,413,302	5,150,615	3,573,420	20,836,107	12,940,418	1.61
2002	22,508,856	5,395,197	3,656,826	20,770,485	10,081,569	2.06
2003	25,344,832	7,952,493	3,666,401	21,058,740	13,749,295	1.53
2004	26,977,067	7,118,174	4,002,906	23,861,799	13,858,267	1.72
2005	29,016,811	7,651,981	4,002,906	25,367,736	13,962,911	1.82

(1) Includes wastewater fees and charges.

Source: City of Santa Maria



# Statistical Section City of Buellton

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1996	965	\$ 769,590	922
1997	993	1,063,140	992
1998	1,043	964,878	821
1999	1,051	1,040,487	860
2000	1,082	1,111,867	940
2001	1,251	1,134,691	984
2002	1,314	1,144,605	1,068
2003	1,424	1,233,563	1,111
2004	1,491	1,365,416	1,257
2005	1,472	1,300,677	1,115

## Largest Customers as of June 30, 2005

	Water Usage <sup>(1)</sup>	Annual Payment
Ranch Club Mobile Estates	22,318	\$ 96,870
Santa Ynez Valley Marriott	16,841	61,776
Rivergrove Mobile Home Park	8,870	36,625
Buellton Union School District	11,190	27,664
Flying Flags RV Park	12,603	22,679
Days Inn	4,241	16,062
Pea Soup Andersen's Restaurant	3,980	15,070
Motel 6	3,467	12,730
The Laurel Company	4,252	12,657
Andersen's Inn	3,107	11,323
<b>Total</b>	<b>90,869</b>	<b>\$ 313,456</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1996	\$ 649,169	\$ 274,814	0	\$ 374,355	\$ 258,396	1.45
1997	1,285,504	345,222	0	940,282	638,885	1.47
1998	1,318,509	312,810	19,325	1,025,024	653,493	1.57
1999	1,185,623	330,644	19,879	874,858	606,157	1.44
2000	1,368,614	280,526	202,837	1,290,925	788,201	1.64
2001	1,669,930	298,585	214,262	1,585,607	809,805	1.96
2002	1,648,494	386,855	227,940	1,489,579	792,378	1.88
2003	1,636,470	383,962	239,150	1,491,658	909,639	1.64
2004	1,821,513	418,725	238,324	1,641,112	895,101	1.83
2005	1,418,037	390,028	238,324	1,266,333	940,465	1.35

Source: City of Buellton



# Statistical Section

## Santa Ynez River Water Conservation District, ID #1 (City of Solvang only)

### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1996	1,821	\$ 1,459,267	1,611
1997	1,836	1,942,808	1,556
1998	1,854	1,764,735	1,275
1999	1,887	1,857,632	1,558
2000	2,005	2,105,851	1,524
2001	1,890	2,616,048	1,549
2002	1,893	3,108,477	1,594
2003	1,901	2,929,186	1,518
2004	1,903	3,286,624	1,506
2005	1,907	3,229,500	1,589

### Largest Customers as of June 30, 2005

	Water Usage <sup>(1)</sup>	Annual Payment
Rancho Santa Ynez Mobile Estate	23,159	\$ 60,677
Alisal Guest Ranch	11,182	31,131
Mission Oaks	6,953	18,217
Solvang Lutheran Home	6,884	18,036
Mission Ready Mix	5,803	15,204
City of Solvang	5,722	14,992
Solvang School	5,179	13,569
Petersen Village Inn	4,586	12,015
Cottage Hospital	3,202	8,389
Inns of California	3,200	8,384
<b>Total</b>	<b>75,870</b>	<b>\$ 200,614</b>

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1996	\$ 1,526,135	\$ 897,583	\$ -	\$ 628,552	\$ 642,551	0.98
1997	2,106,802	1,259,466	-	847,336	1,666,389	0.51
1998	1,897,791	524,837	-	1,372,954	1,682,460	0.82
1999	1,921,077	583,976	456,044	1,793,145	1,597,628	1.12
2000	2,241,697	842,919	456,044	1,854,822	1,836,214	1.01
2001	2,721,479	730,837	480,244	2,470,886	1,933,392	1.28
2002	3,199,145	992,031	511,478	2,718,592	1,844,616	1.47
2003	2,976,966	778,728	536,633	2,734,871	2,040,658	1.34
2004	3,293,660	854,671	534,808	2,973,797	2,064,965	1.44
2005	3,288,331	795,547	534,808	3,027,592	2,002,319	1.51

Source: City of Solvang



# Statistical Section

## Santa Ynez River Water Conservation District, ID #1

### Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1996	2,157	\$ 1,926,000	5,979
1997	2,183	2,194,190	6,505
1998	2,220	2,370,258	4,542
1999	2,266	2,468,151	4,963
2000	2,262	2,944,843	5,650
2001	2,238	3,092,440	5,573
2002	2,260	3,505,160	5,859
2003	2,351	3,373,470	4,968
2004	2,363	3,816,702	6,012
2005	2,422	3,518,032	4,637

### Largest Customers as of June 30, 2005

	Water Usage <sup>(1)</sup>	Annual Payment
City of Solvang (2)	41	\$ 60,110
Cachuma Sanitation District	67	54,104
Santa Ynez Valley Farming	192	30,471
Dunn School	58	28,054
Rancho Marcelino Water Company	28	26,028
Gainey Ranch	105	20,158
Gainey Vineyard	50	18,225
Rancho Bella Vida	51	17,145
AFJ Farming	104	16,200
Los Olivos School	14	12,144
<b>Total</b>	<b>710</b>	<b>\$ 282,639</b>

(1) In acre-feet per year.

(2) Exclusive of Solvang's payments for State Water Project.

### State Water Payment Coverage Calculations

Fiscal Year Ending June 30 <sup>(1)</sup>	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1995	\$ 4,639,999	\$ 1,357,614	\$ -	\$ 3,282,385	\$ 347,539	9.44
1996	4,152,336	1,604,014	-	2,548,322	912,287	2.79
1997	3,896,090	2,716,430	-	1,179,660	1,476,671	0.80
1998	7,454,547	1,993,633	246,045	5,706,959	2,669,473	2.14
1999	5,680,162	1,936,833	770,601	4,513,930	2,351,446	1.92
2000	7,808,188	2,092,409	783,813	6,499,592	2,688,507	2.41
2001	7,021,956	2,490,288	826,350	5,358,018	2,888,552	1.85
2002	6,845,936	2,339,610	880,195	5,386,521	2,912,443	1.85
2003	6,629,264	2,558,215	923,484	4,994,533	3,148,476	1.59
2004	7,004,003	3,000,250	920,343	4,924,096	3,179,539	1.55
2005	6,915,751	2,786,325	920,343	5,049,769	3,119,539	1.62

(1) Includes State water payments for the City of Solvang beginning in 1997.

Source: Santa Ynez Improvement District #1



# Statistical Section Goleta Water District

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water
			Deliveries (acre-feet per year)
1996	14,442	\$ 12,372,767	12,345
1997	14,489	13,661,494	13,508
1998	14,582	13,010,036	12,947
1999	14,827	14,065,684	12,641
2000	15,136	14,919,815	12,665
2001	15,621	14,263,374	12,727
2002	15,717	15,173,245	13,223
2003	15,999	14,941,700	12,786
2004	16,249	16,146,551	14,083
2005	16,039	14,922,566	12,619

## Largest Customers as of June 30, 2005

	Water Usage <sup>(1)</sup>	Annual Payment
UCSB	852	\$ 1,093,185
County of Santa Barbara	252	279,026
Goleta Union School District	100	142,479
Por La Mar Nursery	168	131,304
Glen Annie Golf Course	277	128,180
Sandpiper Golf Course	256	112,281
Dos Pueblos Schulte Ranch	119	101,576
Roy Butera	144	88,203
Ag-Land Services	117	81,148
Wallover, Inc.	120	81,063
<b>Total</b>	<b>2,405</b>	<b>\$ 2,238,445</b>

(1) In acre-feet per year.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1996	\$ 14,089,421	\$ 7,316,341	\$ -	\$ 6,773,080	\$ 1,523,313	4.45
1997	16,167,847	9,457,602	-	6,710,245	2,723,910	2.46
1998	21,635,460	7,383,382	1,497,654	15,749,732	5,686,052	2.77
1999	17,674,354	7,507,895	1,537,496	11,703,955	3,631,870	3.22
2000	19,926,953	8,221,986	-	11,704,967	6,360,512	1.84
2001	18,163,714	9,226,642	-	8,937,072	6,140,949	1.46
2002	19,127,924	9,076,023	-	10,051,901	6,363,680	1.58
2003	20,942,599	9,757,739	-	11,184,860	7,159,868	1.56
2004	22,648,173	11,824,796	-	10,823,377	7,355,604	1.47
2005	20,566,002	10,831,320	-	9,734,682	6,677,042	1.46

Source: Goleta Water District



# Statistical Section

## La Cumbre Mutual Water Company

### Historic Water Connections and Sales Revenues

Fiscal Year Ending Dec. 31	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1995	1,391	\$ 1,188,044	1,238
1996	1,391	1,492,547	1,375
1997	1,425	1,980,613	1,633
1998	1,415	1,370,862	1,337
1999	1,421	1,637,358	1,541
2000	1,424	1,652,635	1,546
2001	1,429	1,461,097	1,399
2002	1,436	2,081,946	1,891
2003	1,437	1,918,454	1,724
2004	1,449	2,146,100	1,923

### Largest Customers as of December 31, 2004

	Water Usage <sup>(1)</sup>	Annual Payment
La Cumbre Golf & County Club	96,539	\$ 237,236
Mariposa Land Development Co.	15,494	45,807
Gael Trust	8,828	32,327
Timothy Pasquinelli	8,233	31,747
Stephen Redding	7,260	20,590
Carriage Hill Association	4,393	20,426
ELK Trust	5,892	19,894
Laguna Blanca School	4,538	17,438
William Foley	5,192	14,963
Stanford Farms	3,560	14,554
Total	159,929	\$ 454,982

(1) In hundred cubic feet.

### State Water Payment Coverage Calculations

Fiscal Year Ending Dec. 31	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1995	\$ 1,426,908	\$ 641,474	\$ -	\$ 785,434	\$ 233,241	3.37
1996	1,794,966	799,628	-	995,338	420,166	2.37
1997	2,209,613	715,858	308,434	1,802,189	945,127	1.91
1998	2,037,867	601,926	308,434	1,744,375	1,639,076	1.06
1999	2,457,960	701,705	325,688	2,081,943	635,697	3.27
2000	2,526,109	709,568	354,510	2,171,051	1,276,799	1.69
2001	2,276,469	671,417	343,866	1,948,918	1,417,985	1.37
2002	2,879,539	909,109	346,327	2,316,757	1,370,014	1.69
2003	2,668,781	862,951	345,084	2,150,914	1,485,915	1.45
2004	2,904,071	985,101	345,084	2,264,054	1,571,521	1.44

Source: La Cumbre Mutual Water Co.





# Statistical Section City of Santa Barbara

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Water Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1996	24,702	\$ 17,979,681	13,055
1997	24,971	19,338,989	13,916
1998	25,076	18,220,227	13,124
1999	25,169	19,742,981	13,961
2000	25,233	21,196,803	14,881
2001	25,267	21,298,011	14,618
2002	25,388	21,121,848	14,575
2003	25,527	20,822,544	13,461
2004	25,653	23,127,138	14,281
2005	25,809	24,447,594	13,213

## Largest Customers as of June 30, 2005

	Water Usage <sup>(1)</sup>	Annual Payment
City of Santa Barbara	57,346	\$ 262,950
Fess Parker's Double Tree Inn	27,391	127,600
City of Santa Barbara	70,849	116,649
Montecito Country Club	55,516	89,871
S.B. Zoological Foundation	14,321	75,206
Heide Probstel Trust	12,095	57,437
S.B. Community College District	8,421	49,806
National Retail Partners, LLC	9,365	44,883
Samarkand, Inc.	10,551	44,749
La Colina Junior High School	7,181	41,064
<b>Total</b>	<b>273,036</b>	<b>\$ 910,215</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Net Revenues	State Water Payments	Parity Debt Service	Coverage
1996	\$ 26,423,864	\$ 11,763,687	\$ 14,660,177	\$ 728,922	\$ 2,399,248	4.69
1997	26,725,375	12,313,251	14,412,124	1,445,632	2,457,398	3.69
1998	21,662,821	10,061,553	11,601,268	3,625,606	2,394,212	1.93
1999	23,207,547	12,844,077	10,363,470	1,706,350	2,394,629	2.53
2000	26,214,255	8,503,542	17,710,713	3,952,515	2,397,796	2.78
2001	24,876,337	11,223,259	13,653,078	3,991,623	2,281,089	2.18
2002	25,125,762	14,167,864	10,957,898	3,965,732	1,366,367	2.06
2003	24,217,862	13,833,176	10,384,686	4,439,646	1,783,100	1.67
2004	25,431,147	13,822,119	11,609,028	4,481,194	1,870,214	1.83
2005	27,074,924	14,553,073	12,521,851	4,315,818	1,853,342	2.03

Source: City of Santa Barbara



# Statistical Section Montecito Water District

## Historic Water Connections and Sales Revenues

<b>Fiscal Year Ending June 30</b>	<b>Connections</b>	<b>Sales Revenues</b>	<b>Water Deliveries (acre-feet per year)</b>
1996	4,118	\$ 4,627,755	4,369
1997	4,199	5,282,394	4,974
1998	4,238	4,633,281	4,310
1999	4,280	5,487,926	4,813
2000	4,339	6,234,169	5,337
2001	4,409	5,831,244	4,909
2002	4,453	6,338,736	5,535
2003	4,505	6,406,516	5,494
2004	4,554	7,579,730	6,055
2005	4,406	7,168,706	5,447

## Largest Customers as of June 30, 2005

	<b>Water Usage <sup>(1)</sup></b>	<b>Annual Payment</b>
Four Seasons Biltmore	35,490	\$ 165,844
Birnam Wood Golf Course	73,969	159,033
Westmont College	43,099	139,105
Valley Club of Montecito	47,065	96,630
Casa Dorinda	22,736	89,874
Santa Barbara Cemetery	25,038	52,620
Riven Rock Mutual Water Company	12,860	45,155
Los Alisos Ranch	24,564	39,480
Private Ranch	14,761	32,249
Ellen Knill	16,025	26,556
<b>Total</b>	<b>315,607</b>	<b>\$ 846,546</b>

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

<b>Fiscal Year Ending June 30</b>	<b>Total Revenues</b>	<b>Operating Expenses</b>	<b>Rate Coverage Fund Deposit</b>	<b>Net Revenues</b>	<b>State Water Payments</b>	<b>Coverage</b>
1996	\$ 6,219,739	\$ 2,585,257	\$ -	\$ 3,634,482	\$ 1,284,698	2.83
1997	7,462,674	2,962,077	-	4,500,597	1,449,536	3.10
1998	7,169,644	2,743,341	767,671	5,193,974	2,706,621	1.92
1999	7,961,038	3,166,606	869,154	5,663,586	3,030,743	1.87
2000	8,967,822	3,267,293	905,573	6,606,102	3,382,482	1.95
2001	8,713,872	3,465,938	956,320	6,204,254	3,507,602	1.77
2002	9,540,728	3,752,696	956,320	6,744,352	3,433,729	1.96
2003	9,244,612	4,002,960	963,170	6,204,822	4,419,336	1.40
2004	10,839,346	4,809,464	959,705	6,989,587	4,550,214	1.54
2005	10,502,210	4,533,557	959,705	6,928,358	4,475,119	1.55

Source: Montecito Water District



# Statistical Section Carpinteria Valley Water District

## Historic Water Connections and Sales Revenues

Fiscal Year Ending June 30	Connections	Sales Revenues	Water Deliveries (acre-feet per year)
1996	4,036	\$ 3,096,261	4,177
1997	4,074	4,989,024	4,445
1998	4,083	5,023,009	4,038
1999	4,112	5,439,578	4,364
2000	4,137	5,442,817	4,620
2001	4,146	5,428,686	4,135
2002	4,155	5,888,252	4,338
2003	4,160	6,061,867	4,185
2004	4,168	7,010,594	4,572
2005	4,171	7,341,470	3,647

## Largest Customers as of June 30, 2005

	Water Usage <sup>(1)</sup>	Annual Payment
Casitas Village (Home Owners' Assn)	25,490	\$ 206,275
Sandpiper Village (Mobile Home Park)	22,454	185,787
Villa Del Mar (Home Owners' Assn)	25,317	178,141
B&H Nursery	63,952	104,418
Cate School	31,797	102,701
Carpinteria School District	23,359	99,355
Francis L. Norman	35,027	60,361
Oceano Breeze	30,408	58,192
William Van Wingerden	25,454	46,774
Westerlay Roses	24,129	42,544
Total	307,387	\$ 1,084,548

(1) In hundred cubic feet.

## State Water Payment Coverage Calculations

Fiscal Year Ending June 30	Total Revenues	Operating Expenses	Rate Coverage Fund Deposit	Net Revenues	State Water Payments	Coverage
1996	\$ 4,464,274	\$ 2,152,633	\$ -	\$ 2,311,641	\$ 683,621	3.38
1997	5,518,056	2,413,360	-	3,104,696	1,673,411	1.86
1998	5,717,569	2,243,307	750,000	4,224,262	2,321,529	1.82
1999	6,204,013	2,853,338	758,938	4,109,613	1,999,387	2.06
2000	6,275,281	2,614,898	750,000	4,410,383	2,182,036	2.02
2001	6,466,008	2,673,804	750,000	4,542,204	2,178,815	2.08
2002	6,511,543	3,076,394	750,000	4,185,149	2,329,012	1.80
2003	6,416,969	3,108,514	755,372	4,063,827	2,859,212	1.42
2004	7,212,653	3,547,673	752,655	4,417,635	2,968,996	1.49
2005	8,433,644	3,722,069	752,655	5,464,230	2,991,544	1.83

Source: Carpinteria Valley Water District